

DATED OCTOBER 9, 2024

NEW ISSUE
Electronic Bidding via Parity®
Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

In the opinion of Bond Counsel for the Bonds, based upon analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the District, and subject to the conditions and limitations set forth herein under the caption "LEGAL MATTERS - Tax Treatment," interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is exempt from Kentucky income tax, and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

\$2,385,000*
MASON COUNTY SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2024B

Dated with Delivery: OCTOBER 30, 2024

Due: as shown below

Interest on the above-captioned Bonds (the "Bonds" will be payable from their dated date, on each April 1 and October 1, commencing April 1, 2025, and the Bonds mature on each October 1, as shown below:

Maturing		Interest	Reoffering	Maturing		Interest	Reoffering
1-Oct	Amount*	Rate	Yield	1-Oct	Amount*	Rate	Yield
				CUSIP			
2025	\$80,000	%	%	2035	\$120,000	%	%
2026	\$80,000	%	%	2036	\$125,000	%	%
2027	\$85,000	%	%	2037	\$130,000	%	%
2028	\$90,000	%	%	2038	\$135,000	%	%
2029	\$90,000	%	%	2039	\$140,000	%	%
2030	\$95,000	%	%	2040	\$145,000	%	%
2031	\$100,000	%	%	2041	\$150,000	%	%
2032	\$105,000	%	%	2042	\$155,000	%	%
2033	\$110,000	%	%	2043	\$165,000	%	%
2034	\$115,000	%	%	2044	\$170,000	%	%

* Preliminary, subject to change.

The Bonds are being issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued under a book-entry system and registered in the name of The Depository Trust Company or its nominee. There will be no distribution of the Bonds to the ultimate purchasers. See "THE BONDS - Book-Entry Only System" herein. The principal of the Bonds will be payable when due at the designated corporate trust office of Old National Bank, Evansville, Indiana, as Paying Agent and Registrar. Interest payments will be mailed by the Paying Agent and Registrar to each holder of record as of the fifteenth day of the month preceding the date for such interest payment. The principal of and interest on the Bonds may also be paid by any other transfer of funds acceptable to the Paying Agent and Registrar and the registered owner of the Bonds. See "THE BONDS" herein.

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

The District deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), except certain information on the cover page hereof and certain pages herein that has been omitted in accordance with the Rule and which will be provided with the final Official Statement.

The Bonds are offered when, as, and if issued, subject to the approval of the legality and tax exemption thereof by Dinsmore & Shohl LLP, Covington, Kentucky, as Bond Counsel. The Bonds are expected to be available for delivery on or about October 30, 2024.

Dated October __, 2024



This Preliminary Official Statement and the information contained herein are subject to change, completion, or amendment, without notice. These securities may not be sold nor may offers to buy these securities be accepted before the official statement is delivered in final form. 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 a sale of, these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful before registration or qualification under the securities laws of such jurisdiction.

MASON COUNTY BOARD OF EDUCATION

Dr. Michael Coleman,
Chair

Lamont Johnson,
Member

Vicky Lowe,
Member

Theresa Fite,
Member

Karen Osborne,
Member

Rick Ross,
Superintendent

BOND COUNSEL

Dinsmore & Shohl LLP
Covington, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

Old National Bank
Evansville, Indiana

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District identified on the cover page hereof. No dealer, broker, salesman, or other person has been authorized by District to give any information or to make any representations, other than those set forth in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been given or authorized by the District or the Municipal Advisor. This Official Statement does not constitute an offer to sell nor 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. 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 District since the date hereof.

Upon their issuance, the Bonds will not be registered by the District under any federal or state securities law and will not be listed on any stock exchange or any other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, or other governmental entity or agency, except the District, will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All of the financial and other information presented in this Official Statement has been provided by the District from its records, except any information expressly attributed to other sources. The presentation of this information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that the past experience of the District, as is shown by the financial and other information presented in this Official Statement, will necessarily continue or be repeated in the future. Insofar as the statements contained herein involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements have been or will be realized. In addition, such statements should also be regarded as suggesting independent investigation or consultation of other sources before the making of any investment decisions. Certain information contained in this Official Statement may not be current; however, attempts were made to date and document all sources of information. Neither this Official Statement nor any oral or written representations made by or on behalf of the District prior to the sale of the Bonds should be regarded as part of the District's contract with the successful bidder or the holders from time to time of the Bonds.

All references in this Official Statement to any provisions of Kentucky law, whether codified in the Kentucky Revised Statutes or uncodified, or to any provisions of the Kentucky Constitution or the District's ordinances or resolutions, in each case, are references to such provisions as they presently exist. Any of these provisions may be amended, repealed, or supplemented from time to time.

As used in this Official Statement, "debt service" means the principal of and premium (if any) and interest on the obligations referred to, "District" means the Mason County (Kentucky) School District, and "Commonwealth" or "Kentucky" means the Commonwealth of Kentucky.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE BONDS	1
Description of the Bonds	1
Authority for Issuance	2
Redemption Provisions	2
Defeasance	3
Book-Entry Only System	4
SECURITY AND SOURCE OF PAYMENT FOR THE BONDS	4
General Obligation	4
Statutory Lien	4
State Intercept	5
State Participation	5
PLAN OF FINANCING	5
ESTIMATED SOURCES AND USES OF FUNDS	6
INVESTMENT CONSIDERATIONS	6
Limitation on Enforcement of Remedies	6
Risk of Bankruptcy	6
Sustainability of Investments	7
Additional Debt	7
General Economic Conditions	7
Market for the Bonds	8
Bond Rating	8
Tax Implications	8
THE DISTRICT	8
General	8
Kentucky Department of Education Supervision	8
Commonwealth Support for Education	9
Revenue Sources within the District	10
Tax Base Information	11
Investment Policy	12
Debt Limitation	13
Bond Anticipation Notes	14
LEGAL MATTERS	14
General	14
Transcript and Closing Certificates	14
Litigation	14
Tax Treatment	15
CONTINUING DISCLOSURE	17
RATING	19
UNDERWRITING	19
MUNICIPAL ADVISOR	19
MISCELLANEOUS	19
APPENDIX A: ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS AND TOTAL DEBT SERVICE REQUIREMENTS OF THE DISTRICT	
APPENDIX B: TAX BASE, OPERATING, AND DEMOGRAPHIC DATA OF THE DISTRICT	
APPENDIX C: AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023	
APPENDIX D: STATEMENT OF INDEBTEDNESS	
APPENDIX E: FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL	
APPENDIX F: FORM OF CONTINUING DISCLOSURE CERTIFICATE	
APPENDIX G: BOOK-ENTRY ONLY SYSTEM	
APPENDIX H: OFFICIAL TERMS AND CONDITIONS OF BOND SALE	
APPENDIX I: OFFICIAL BID FORM	

\$2,385,000*
MASON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2024B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page hereof and appendices hereto, is to set forth certain information relating to the issuance of \$2,385,000* aggregate principal amount of General Obligation Bonds, Series 2024B (the "Bonds") of the Mason County (Kentucky) School District, as specified on the cover page hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and a guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page hereof and appendices hereto, and the documents and laws summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The Bonds are being issued by the Mason County (Kentucky) School District (the "District"), a school district and political subdivision of the Commonwealth of Kentucky. The District is located in Mason County, Kentucky.

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board of Education (the "Board") of the District on September 9, 2024 (the "Bond Resolution").

The Bonds are being issued for the purposes of (i) financing the costs of the acquisition, construction, renovation, equipping and installation of a new softball field and other capital improvements (collectively, the "project"), (ii) paying capitalized interest for the Bonds, if desirable, (iii) to pay all of a portion of the costs of credit enhancement for the Bonds, if desirable, and (iv) paying the costs of issuance of the Bonds.

The Bonds are a general obligation of the District. The basic security for the Bonds is the District's ability to levy, and its pledge to levy, an annual tax in order to pay the principal of and interest on the Bonds as and when the same become due and payable (see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein). The Bonds are offered when, as, and if issued by the District. The Bonds will be delivered on or about October 30, 2024, in New York, New York, through the Depository Trust Company (DTC).

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the related continuing disclosure documents of the District are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the Bond Resolution and the bond forms, may be obtained from Dinsmore & Shohl LLP, at 255 East Fifth Street, Suite 1900, Cincinnati, Ohio 45202. Additional information regarding this Official Statement or the District, including financial information of the District, is available from RSA Advisors, LLC, 147 East Third Street, Lexington, Kentucky 40508, Telephone: (859) 977-6600, Attention: Lincoln Theinert.

The District deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), except for certain information on the cover page hereof and certain pages herein that has been omitted in accordance with the Rule and will be provided with the final Official Statement.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of initial issuance and delivery and will bear interest from such date at the rates set forth on the cover page hereof. The Bonds are being issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof.

**Preliminary, subject to change*

Interest on the Bonds will be payable semiannually on each April 1 and October 1, commencing April 1, 2025, from the later of the date of issuance or the Bonds, or the most recent date to which interest has been paid or duly provided for, and shall be paid by check or draft mailed by Old National Bank, as Paying Agent and Registrar for the Bonds, to the registered owners thereof, as of the applicable record date set forth below, at their respective addresses appearing on the books of the Paying Agent and Registrar. The principal amount of the Bonds shall be paid when due to the registered owners thereof, upon the surrender of the Bonds at the designated corporate trust office of the Paying Agent and Registrar located in Evansville, Indiana. Alternatively, the principal of and interest on the Bonds may also be paid by any other transfer of funds acceptable to the Paying Agent and Registrar and the registered owners thereof. The record date for each April 1 and October 1 interest payment date shall be the preceding March 1 and September 1, respectively.

Authority for Issuance

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board of Education (the "Board") of the District on September 9, 2024 (the "Bond Resolution").

Redemption Provisions

Optional Redemption. The Bonds maturing on and after October 1, 2033 shall be subject to optional redemption on October 1, 2032 or any date thereafter, in whole or in part, in such order of maturity as may be selected by the District, and by lot within any maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

[Mandatory Sinking Fund Redemption. The Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption before maturity, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years, and in the principal amounts as follows:]

Maturing October 1, 20[]

<u>Date</u>	<u>Amount</u>
October 1, 20__	\$
October 1, 20__	\$
<u>October 1, 20__ *</u>	\$

*Final Maturity

Notice of Redemption. If less than all Bonds which, by their terms, are payable on the same date are to be called for redemption, the particular Bonds or portions thereof payable on such date and to be redeemed shall be selected by lot, by the Paying Agent and Registrar, in such manner as the Paying Agent and Registrar, in its discretion, may determine; provided, however, that (i) the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof, and (ii) in selecting Bonds for redemption, the Paying Agent and Registrar shall treat each Bond as representing the number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption, signed by the Paying Agent and Registrar, to be mailed, postage prepaid, to all registered owners of the Bonds, or portions thereof, to be redeemed, at their addresses as they appear on the registration books maintained by the Paying Agent and Registrar; provided, however, that the failure to mail such notice shall not affect the validity of the proceedings for such redemption. Each notice of redemption shall set forth the date fixed for redemption, the redemption price to be paid, and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of the Bonds to be redeemed. In addition, if any Bond is to be redeemed in part only, such redemption notice shall also set forth the portion of the principal amount of such Bond to be redeemed and shall include a statement that on or after the date fixed for redemption, upon the surrender of such Bond for redemption, a new Bond will be issued in a principal amount equal to the unredeemed portion of the Bond so redeemed.

On the date so fixed for redemption, notice having been sent in the manner and under the conditions set forth above, and moneys for the payment of the redemption price being held in a separate account by the Paying Agent and Registrar for the registered owners of the Bonds or portions thereof to be redeemed, (i) the Bonds or portions thereof so called for redemption shall become and be due and payable, at the redemption price provided for the redemption of such Bonds or portions thereof on such date; (ii) interest on the Bonds or portions thereof so called for redemption shall cease to accrue; and (iii) the registered owners of the Bonds or portions thereof to be redeemed shall have no rights in respect thereof, except the right to receive payment of the redemption price thereof and to receive new Bonds for any unredeemed portions of their Bonds.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or their attorney or legal representative shall present and surrender such Bond to the Paying Agent and Registrar for payment of the principal amount thereof so called for redemption, and thereupon, the District shall execute and the Paying Agent and Registrar shall authenticate and deliver to or upon the order of such registered owner or their legal representative, without charge therefor, a new Bond in a principal amount equal to the unredeemed portion of the Bond so surrendered, of the same series and maturity and bearing interest at the same rate as the Bond so redeemed.

Defeasance

The Bond Resolution permits the District to defease any of the Bonds before the stated maturity thereof if (i) the District shall have given notice of the redemption of such Bond or Bonds in accordance with the Bond Resolution or shall have provided for the giving of such notice at the appropriate time, and (ii) there shall have been deposited with the Paying Agent, or any other fiduciary, either (a) moneys in an amount sufficient, or (b) Defeasance Obligations, the principal of and the interest on which, when due, will provide moneys in an amount which, together with any moneys deposited with the Paying Agent or other fiduciary at the same time, shall be sufficient, in either case, to pay, when due, the principal or redemption price, if any, and interest due and to become due on such Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be. Neither any Defeasance Obligations, nor any moneys so deposited with the Paying Agent or with such other fiduciary, nor any principal or interest payments received from any Defeasance Obligations, shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal or redemption price, if any, of any of the Bonds and any interest thereon; provided, however, that any cash received from such principal or interest payments on such Defeasance Obligations and deposited with the Paying Agent or any other fiduciary, if not then needed for such purposes, shall, to the extent practicable, be (1) reinvested in Defeasance Obligations maturing at such times and in such amounts as shall be sufficient to pay, when due, the principal or redemption price, if any, and interest to become due on any Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be, and (2) paid over to the District, following the full discharge and payment of such Bonds, free and clear of any trust, lien, or pledge.

For the foregoing purposes, "Defeasance Obligations" means:

(a) non-callable direct obligations of the United States, including U.S. Treasury bills, notes, bonds, and zero coupon bonds, U.S. Treasury Obligations - State and Local Government Series (SLGS), and direct obligations of the U.S. Treasury that have been stripped by the Treasury itself, including CATS, TIGRS, and similar securities;

(b) non-callable obligations issued or guaranteed by the Government National Mortgage Association which are backed by the full faith and credit of the United States; and

(c) non-callable senior debt obligations issued or guaranteed by any Federal Home Loan Bank or any Federal Home Loan Bank Board or by the Farm Credit System, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.

Book-Entry Only System

The Bonds will initially be issued solely in book-entry form, to be held in the book-entry only system maintained by The Depository Trust Company (DTC). When issued, the Bonds will be registered in the name of Cede & Co., as the nominee of DTC. The purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. So long as the book-entry only system of DTC is used, only DTC will receive, or have the right to receive, physical delivery of the Bonds, and the beneficial owners of the Bonds will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Bond Resolution. In addition, so long as DTC or its nominee is the registered owner of the Bonds, the Paying Agent and Registrar will make all payments of principal and interest due on the Bonds directly to DTC. For additional information regarding DTC and the book-entry only system see "Appendix G - Book-Entry Only System" hereto.

THE INFORMATION SET FORTH IN THIS SECTION AND APPENDIX G ATTACHED HERETO CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General Obligation

The Bonds are general obligations of the District, and the full faith, credit, and taxing power of the District are irrevocably pledged to the payment of the principal of and interest on the Bonds as and when due and payable. The basic security for general obligation indebtedness of the District, including the Bonds, is the District's ability to levy, and its pledge to levy, an annual tax to pay the principal of and interest on all general obligation indebtedness of the District, including the Bonds, as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as and when the same become due and payable, the principal of and interest on all outstanding general obligation bonds, including the Bonds, and other outstanding general obligation indebtedness of the District. Under Section 159 of the Kentucky Constitution, the District is required to collect an annual tax sufficient to pay the interest on all authorized indebtedness and to establish and maintain a sinking fund for the payment of the principal amount thereof. The Bond Resolution provides for the levy of such annual tax, which shall be collected to the extent other lawfully available moneys of the District are not provided or available. The Bond Resolution also creates and provides for the maintenance of a Sinking Fund, into which the proceeds of such annual tax or other lawfully available moneys of the District are to be deposited for the payment of the principal of and interest on the Bonds and all other general obligation indebtedness of the District, and the amounts on deposit in the Sinking Fund shall not be used for any other purpose.

Statutory Lien

Section 66.400 of the Kentucky Revised Statutes, as amended (the "Municipal Bankruptcy Law"), permits any political subdivision, public agency, or instrumentality of the Commonwealth, such as the District, for the purpose of enabling such political subdivision, public agency, or instrumentality to take advantage of the provisions of Chapter 9 of the United States Bankruptcy Code and, for that purpose only, (i) to file a petition stating that such political subdivision, public agency, or instrumentality (a) is insolvent or unable to meet its debts as they mature, and (b) desires to effectuate a plan for the composition or readjustment of its debts, and (ii) to take any further proceedings as are set forth in the United States Bankruptcy Code, as they relate to such political subdivision, public agency, or instrumentality. Under the Municipal Bankruptcy Law, the District does not need the approval or permission of the Kentucky Department for Local Government's State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process. In addition, under the Municipal Bankruptcy Law, the District may be authorized to initiate Chapter 9 bankruptcy proceedings without any prior notice to or consent of its creditors, which bankruptcy proceedings may result in a material and adverse modification or alteration of the rights of the District's secured and unsecured creditors, including the holders of its bonds and notes. See "INVESTMENT CONSIDERATION - Risk of Bankruptcy" herein.

The Municipal Bankruptcy Law provides that (a) a statutory lien exists on any tax revenues pledged for the benefit of general obligation debt; (b) such tax revenues are pledged for the repayment of the principal of and premium (if any) and interest on all outstanding general obligation indebtedness, regardless of whether such pledge is contained in the documents or proceedings authorizing such indebtedness; and (c) such pledge constitutes a first lien on such tax revenues. In addition, the Municipal Bankruptcy Law also creates a statutory lien on annual appropriations for the payment of any obligations subject to annual renewal, including, without limitation, any leases entered into under Chapter 58 and Chapter 65 of the Kentucky Revised Statutes.

The validity and priority of the statutory lien imposed by the Municipal Bankruptcy Law have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

State Intercept

The District has agreed that so long as the Bonds are outstanding, and in conformance with the intent and purpose of Section 157.627(5) and Section 160.160(5) of the Kentucky Revised Statutes, in the event of any failure by the District to pay debt service on the Bonds, and unless sufficient funds have been or will be transmitted to the Paying Agent and Registrar for the payment of such debt service when due, the District will (i) notify and request the Kentucky Department of Education to withhold from the District a sufficient portion of any undisbursed funds then held, set aside, or allocated to the District, and (ii) request either the Kentucky Department of Education or the Commissioner of Education thereof to transfer the required amount of such withheld funds to the Paying Agent and Registrar for the payment of such debt service.

State Participation

The Kentucky School Facilities Construction Commission (the "Commission") is an independent corporate agency and instrumentality of the Commonwealth established and existing under the provisions of Sections 157.611 to 157.640, inclusive, 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.

In accordance with the provisions of the Act and the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that it will not participate in the payment of debt service on the Bonds.

PLAN OF FINANCING

The Bonds are being issued for the purposes of (i) financing the costs of the acquisition, construction, renovation, equipping and installation of a new softball field and other capital improvements (collectively, the "project"), (ii) paying capitalized interest for the Bonds, if desirable, (iii) to pay all of a portion of the costs of credit enhancement for the Bonds, if desirable, and (iv) paying the costs of issuance of the Bonds including rating fees, the fees of the Municipal Advisor, the Paying Agent and Registrar, and Bond Counsel, and all other appropriate expenses as may be approved by the District.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Bond Proceeds	\$ _____
[Plus Original Issue Premium]	_____
[Less Original Issue Discount]	_____
Total Sources	\$ _____
 Uses:	
Underwriter's Discount	_____
Deposit to Construction Fund	\$ _____
Cost of Issuance	_____
Total Uses	\$ _____

INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations for investors to consider regarding risks that could affect payments to be made with respect to the Bonds. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all of the risks that could affect such payments. Prospective purchasers of the Bonds should carefully analyze all of the information contained in this Official Statement, including the Appendices hereto, and any additional information in the form of the complete documents summarized herein, copies of which are available as described herein.

Limitation on Enforcement of Remedies

The enforcement of the remedies applicable to the Bonds under the Bond Resolution may be limited or restricted by laws relating to bankruptcy and insolvency and by the rights of creditors under the application of general principles of equity, and may be substantially delayed or subject to judicial discretion in the event of litigation or the use of statutory remedial procedures. All legal opinions concerning the enforceability of the Bonds delivered in connection with the Bonds contain an exception with respect to the limitations that may be imposed by bankruptcy and insolvency laws and by the rights of creditors under general principles of equity.

Risk of Bankruptcy

The obligations of the District under the Bonds and the Bond Resolution are general obligations of the District and are secured by the pledge of the District's full faith, credit, and taxing power, any moneys held in the District's Sinking Fund (on a parity with all other general obligation indebtedness of the District) or the Bond Payment Fund established under the Bond Resolution, and the statutory lien provided by the Municipal Bankruptcy Law. A bondholder's enforcement of any remedy provided by the Bond Resolution may be limited or delayed in the event of the application of any federal bankruptcy laws or any other laws affecting creditors' rights generally, and may be substantially delayed and subject to judicial discretion in the event of litigation or required use of statutory remedial procedures. The validity and priority of the statutory lien provided by the Municipal Bankruptcy Law have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

In accordance with the Municipal Bankruptcy Law, the District is permitted to file a petition for relief under Chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") without the prior approval of any official or department of state government, including the Kentucky Department for Local Government's State Local Debt Officer. If the District were to file such a petition, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceedings against the District and any interest in (a) any moneys contained in the Sinking Fund or the Bond Payment Fund, (b) the District's general fund revenues, or (c) the District's taxing power. However, any such petition does not stay the application of pledged special revenues, as defined by the Bankruptcy Code.

During its bankruptcy proceedings, the District could use its property, including its tax receipts and the proceeds thereof, but excluding any pledged special revenues, for the benefit of its bankruptcy estate, despite the claims of its creditors. Notwithstanding the foregoing, it is possible that the District could use its pledged special revenues to pay certain operating expenses, even after filing its bankruptcy petition.

In a Chapter 9 proceeding under the Bankruptcy Code, only the District, and not any other creditor or party in interest, could file a proposed plan of adjustment. The plan of adjustment is the vehicle for satisfying, and provides for the comprehensive treatment of, all of the claims against the District, and could result in the modification of the rights of any class of creditors, whether secured or unsecured, which modification of rights could be contrary to state law. For a plan to be confirmed, except for one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class of impaired creditors approves a plan if, of those who vote, those holding more than one-half in number and at least two-thirds in amount vote in favor of the plan. If fewer than all impaired classes vote to accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and all claims and interests would be bound thereby, regardless of whether or how they voted. For this "cramdown" to occur, at least one of the impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the non-consenting classes. In addition, for a plan of adjustment to be confirmed, the bankruptcy court must also determine that the plan, among other requirements, is proposed in good faith and is in the best interest of creditors, such that the plan of adjustment represents a reasonable effort by the District to satisfy its debts and is a better alternative than dismissal of the bankruptcy case. Unlike in a Chapter 11 proceeding, in a Chapter 9 proceeding, this standard does not include the use of a liquidation analysis.

Generally, the District would likely receive a discharge of its debts after (i) the plan of adjustment is confirmed; (ii) the District deposits any consideration to be distributed under the plan with a disbursing agent appointed by the bankruptcy court; and (iii) the bankruptcy court determines that the securities so deposited with the disbursing agent will constitute valid and legal obligations of the District and that any provision made to pay, or to secure the payment of, such obligations is valid.

See the additional discussion regarding the statutory pledge of tax revenues provided for the Bonds under the heading "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - Statutory Lien" herein. Prospective bondholders should consult their legal counsel regarding the impact of a bankruptcy filing by the District on the payment and security of the Bonds.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rates borne by the Bonds are intended to compensate the investor for assuming this element of risk. Prospective investors should carefully examine this Official Statement in its entirety, including the Appendices hereto, and assess their ability to bear the economic risk of such an investment and determine whether or not the Bonds are an appropriate investment for them.

Additional Debt

The District may, from time to time, issue additional general obligation bonds or notes. The issuance of additional general obligation bonds or notes would increase the District's overall debt service requirements and could adversely affect the debt service coverage on the Bonds.

General Economic Conditions

Adverse general economic conditions may result in, among other adverse circumstances, a reduction in general tax revenues or decrease in investment portfolio values, resulting in increased funding requirements, which could negatively impact the results of operations and overall financial condition of the District.

Market for the Bonds

There is presently no secondary market for the Bonds and no assurance that a secondary market will develop. Consequently, investors may not be able to resell any of the Bonds they purchase should they need or wish to do so for emergency or other purposes.

Bond Rating

There can be no assurance that the municipal bond rating assigned to the Bonds at the time of their issuance will not be lowered or withdrawn at any time in the future, the effect of which could adversely affect the market price for the Bonds and the marketability of the Bonds. For additional information, see "RATING" herein.

Tax Implications

Prospective purchasers of the Bonds may need to consult their own tax advisors before purchasing any Bonds regarding the impact of the Internal Revenue Code of 1986, as amended (the "Code"), upon their acquisition, holding, or disposition of the Bonds.

THE DISTRICT

General

The District is a school district and political subdivision of the Commonwealth existing under and by virtue of Chapter 160 of the Kentucky Revised Statutes. In accordance with Section 160.160 of the Kentucky Revised Statutes, the District is under the management and control of the Mason County Board of Education, consisting of five members, representing each of the District's five educational districts, elected to a four-year term on a non-partisan ballot by the voters of their respective educational districts. Each year, the Board elects a Chair and a Vice Chair from its members to serve a one year term. The Superintendent of the District serves as the executive agent of the Board and has the authority and responsibility to implement Board policy.

The Board has general control and management of all public schools within the District, including the control and management of all public school funds and school property, and may use such funds and property to promote public education within the District. The Board has the power, among others, to levy tax rates in compliance with statutory and regulatory requirements and to issue bonds to build and construct improvements to the public schools and related facilities within the District.

The members of the Board of Education of the District and their terms of office are as follows:

<u>Member</u>	<u>Original Term Began</u>	<u>Current Term Ends</u>
Dr. Michael Coleman, Chair		2028
Lamont Johnson		2026
Vicky Lowe		2026
Theresa Fite		2028
Karen Osborne		2028

Kentucky Department of Education Supervision

No later than September 30 of each year, the District is required to submit to the Kentucky Department of Education (the "KDE") a tentative and working budget, on forms prescribed and furnished by the KDE, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the District during the succeeding fiscal year, as well as the estimated amount that will be received from all other sources. The working budget shall be disapproved by the KDE if (i) it is financially unsound, (ii) it fails to provide for (a) the payment of maturing principal and interest on any outstanding voted school improvement bonds, or (b) the payment of rentals in connection with any outstanding school building revenue bonds, or (iii) it fails to comply with any applicable law.

Each year, upon the receipt of local property assessments from the Kentucky Department of Revenue, the KDE certifies to the District (i) the general tax rate that the District could levy under Section 160.470(1) of the Kentucky Revised Statutes and the amount of revenue expected to be produced, (ii) the compensating tax rate, as defined in Section 132.010 of the Kentucky Revised Statutes, for the District's general tax rate and the amount of revenue expected to be produced, and (c) the general tax rate which will produce, respectively, no more revenue from real property, exclusive of any revenue from new property, than 4% over the amount of revenue produced by the compensating tax rate described in (ii) above, and the amount of revenue expected to be produced. Within thirty days after the District has received its tax assessment data, the rates levied by the District shall be forwarded to the KDE for its approval or disapproval.

KDE supervision also extends to other areas of local school finance, including supervision of general operations, such as the examination of business methods and accounts of the District and requirements for the submission to the KDE of prompt, detailed reports of all receipts and expenditures. The KDE also requires all local school districts, including the District, who have entered into contracts for the issuance of bonds to arrange for insurance protection in an amount equal to the full insurable value of the buildings and for the continuous retention of such insurance. KDE's supervision and control over local school districts in the Commonwealth is believed to be a major contribution toward the maintenance of Kentucky's perfect record of no defaults in the payment of its revenue bonds for school purposes.

Commonwealth Support for Education

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

Section 157.330 of the Kentucky Revised Statutes created the fund to Support Education Excellence in Kentucky ("SEEK"), which is funded from biennial appropriations from the Kentucky General Assembly for distribution to school districts. This 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 (i.e., any students approved for free lunch programs under state and federal guidelines) in the district, the number and type of exceptional students in the district, and the transportation costs of the district.

Section 157.440(1) of the Kentucky Revised Statutes provides that for fiscal years beginning July 1, 1990, each school district may levy an equivalent tax rate that will produce up to 15% of its guaranteed SEEK funding. Any increase beyond the 4% annual limitation imposed by Section 132.017 of the Kentucky Revised Statutes is not subject to the recall provisions of that Section. All revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

Section 157.440(2) of the Kentucky Revised Statutes also permits school districts to levy up to 30% of the revenues guaranteed by SEEK, plus the revenue produced by the 15% levy, but such additional tax will not be equalized with state funding and will be subject to recall by a simple majority of those voting on the question.

Section 157.620(1) of the Kentucky Revised Statutes provides that in order for a school district to be eligible for participation from the Commission for the payment of debt service on the district's bond issues, the district must levy a tax which will produce revenues equivalent to \$0.05 per \$100.00 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum \$0.30 levy. A district having a special voted tax which is equal to or higher than the required \$0.05 tax must commit and segregate for capital purposes at least an amount equal to the required \$0.05 tax. Any district that levies the additional \$0.05 tax is also eligible to participate in the Facilities Support Program of Kentucky

("FSPK"), for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula that takes into account a district's outstanding debt and funds available for the payment of debt service from both local and state sources.

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

Section 156.029 of the Kentucky Revised Statutes provided for the establishment of the Kentucky Board of Education, consisting of eleven members appointed by the Governor and confirmed by the Senate of the Kentucky General Assembly. Seven members of the Kentucky Board of Education shall represent each of the Kentucky Supreme Court districts throughout the Commonwealth and four members shall represent the Commonwealth at large. The Kentucky Board of Education develops and adopts the regulations that govern all 171 public school districts in the Commonwealth and the actions of the KDE.

Revenue Sources within the District

General Property and Motor Vehicle Tax

The Board of the District levies a tax on real estate, personal property, and motor vehicles at a specific rate per \$100.00 of assessed valuation. See "Appendix B - Tax Base, Operating, and Demographic Data" hereto for the rates assessed over the previous five-year period.

SEEK Program

The SEEK Program allocates biennial appropriations from the Kentucky General Assembly to each school district in Kentucky. The base level of funding is determined for each fiscal year by dividing the total annual SEEK appropriation by the state-wide total of pupils in average daily attendance in the preceding fiscal year. Each district's share of SEEK funding is subject to adjustment in order to reflect various factors. See "COMMONWEALTH SUPPORT FOR EDUCATION" for more details.

See "Appendix B - Tax Base, Operating, and Demographic Data" hereto for a recent history of the SEEK Program appropriations to the District.

Capital Outlay Allotment

The SEEK Program also provides for an annual payment to all Kentucky school districts for capital construction or acquisition (the "Capital Outlay Allotment"). Funds from the Capital Outlay Allotment are not directly pledged for debt service but, as a practical matter, and to the extent needed, have been and will continue to be applied to debt service through rental payments on lease agreements and general obligation bond payments.

The Commonwealth has established a formula to calculate Capital Outlay Allotments, which results in the allocation of funds to a district for capital expenditures at a rate of \$100.00 per average daily pupils in attendance. Capital Outlay Allotments are required to be segregated into the Capital Outlay Allotment Fund and may be used only for (i) the direct payment of construction costs; (ii) the payment of debt service on voted and funding bonds; (iii) the payment of lease rental payments or general obligation bond payments in support of bond issues; (iv) the reduction of any deficits resulting from over-expenditures for any emergency capital construction; and (v) the establishment of a reserve for each of the categories enumerated in (i) through (iv).

The Capital Outlay Allotment received by the District for the most recent five-year period is set forth in "Appendix B - Tax Base, Operating, and Demographic Data" hereto.

FSPK Program

The FSPK Program provides funds for districts to support debt service and capital expenditures. The amount of FSPK funds a particular district receives is based on a funding formula that takes into consideration such district's average daily attendance and the amount of local revenue generated on such district's tax base relative to a state-wide average assessment.

See "Appendix B - Tax Base, Operating, and Demographic Data" hereto for a recent history of the FSPK Program appropriations to the District.

Tax Base Information

Homestead Exemption

Section 170 of the Kentucky Constitution was amended by Kentucky voters at the General Election held on November 2, 1971, to exempt from property taxes the first \$6,500 of single-unit residential property of taxpayers 65 years of age or older. After that election, the 1972 Regular Session of the Kentucky General Assembly enacted Section 132.810 of the Kentucky Revised Statutes in order to establish the qualifications for the homestead exemption and to provide for the application thereof. In later legislative sessions, the Kentucky General Assembly amended Section 132.810 of the Kentucky Revised Statutes, (i) to enlarge the "single-unit" qualification to allow the homestead exemption to apply to real property "held by legal or equitable title, by the entireties, jointly, in common, as a condominium" maintained as the permanent residence of the owner, (ii) to construe the \$6,500 exemption to mean \$6,500 in terms of the purchasing power of the dollar in 1972, (iii) to allow the maximum exemption to be adjusted every two years if the cost of living index of the United States Department of Labor has changed as much as 1% over the preceding two-year period, and (iv) to permit counties and school districts to adjust local tax revenues through increases tax rates on non-exempt property to generate tax revenues in an amount equivalent to the revenues lost through the application of the homestead exemption. The amount of the individual homestead exemption for the current tax period is \$46,350.

Limitation on Taxation

The 1990 Regular Session of the Kentucky General Assembly, in enacting the comprehensive KERA legislative package, (i) amended the provisions of Section 160.470 of the Kentucky Revised Statutes, which prohibited school districts from levying ad valorem property taxes that would generate revenues in excess of 4% of the previous year's revenues without such levy being subject to recall, and (ii) amended Section 157.440 of the Kentucky Revised Statutes, for the purpose of creating an exception to the referendum and public hearing requirements imposed by Section 160.470 of the Kentucky Revised Statutes for certain taxes levied by school districts.

Under Section 160.470(9) of the Kentucky Revised Statutes, for fiscal years beginning July 1, 1990, school districts are permitted to levy a "minimum equivalent tax rate" of \$0.30 for general school purposes. The "equivalent tax rate" is defined as the rate that results when the income collected during the prior year from all taxes (including occupational and utility 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 Kentucky Department of Revenue. Failure to levy the minimum equivalent rate subjects the board of the district to removal. Levies permitted by Section 160.470(9) of the Kentucky Revised Statutes are not subject to the public hearing or recall provisions set forth in Section 160.470(7) and (8) of the Kentucky Revised Statutes.

Under Section 157.440(1) of the Kentucky Revised Statutes for fiscal years beginning July 1, 1990, school districts are permitted to levy an "equivalent tax rate," as defined in Section 160.470(9) of the Kentucky Revised Statutes, which will produce up to 15% of those revenues guaranteed by the SEEK Program. Levies permitted by Section 157.440(1) of the Kentucky Revised Statutes are not subject to the public hearing or recall provisions as set forth in Section 160.470(7) and (8) of the Kentucky Revised Statutes.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years.

Appendix D to this Official Statement contains a Statement of Indebtedness for the District, certified by the Treasurer of the Board, which sets forth the property tax rates currently levied by the District and certifies that the issuance of the Bonds will not cause such tax rates to increase to an amount in excess of the above-described maximum permissible rates.

Investment Policy

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations relating to investments by the state's political subdivisions, including the District. In accordance with the provisions thereof, the District must adopt an investment policy and may only invest its funds, with the approval of the Kentucky Board of Education, in the classifications of obligations which are eligible for investment, which includes:

- (a) Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of such obligations is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (b) Obligations and contracts for the future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including, but not limited to:
 - 1. United States Treasury obligations;
 - 2. United States Export-Import Bank notes or guaranteed participation certificates;
 - 3. Farmers Home Administration insured notes;
 - 4. Governmental National Mortgage Corporation obligations; and
 - 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including, but not limited to:
 - 1. the Federal Home Loan Mortgage Corporation;
 - 2. Federal Farm Credit Banks;
 - 3. the Bank for Cooperatives (CoBank);
 - 4. Federal Intermediate Credit Banks;
 - 5. Federal Land Banks;
 - 6. Federal Home Loan Banks;
 - 7. the Federal National Mortgage Association; and
 - 8. the Tennessee Valley Authority;
- (d) Certificates of deposit or other interest-bearing accounts issued through any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or a similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by Section 41.240(4) of the Kentucky Revised Statutes;
- (e) Uncollateralized certificates of deposit issued by a bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- (f) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- (g) Commercial paper rated in the highest category by a competent rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;

- (j) Shares of mutual funds, each of which shall have the following characteristics:
 - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - 2. The management company of the investment company shall have been in operation for at least five years; and
 - 3. All of the securities in the mutual fund shall be eligible investments hereunder;
- (k) Individual equity securities, if the funds being invested will be managed by a professional investment manager that is regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed 25% of the equity allocation; and
- (l) Individual high-quality corporate bonds managed by a professional investment manager and that:
 - 1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - 2. Have a standard maturity of no more than ten years; and
 - 3. Are rated in the three highest rating categories by at least two competent credit rating agencies.

The District's current investment policy adopted on August 2, 2021 matches the investments permitted by Section 66.480 of the Kentucky Revised Statutes.

The District values legality, safety, liquidity, and yield, in that order.

Debt Limitation

Section 158 of the Kentucky Constitution provides that taxing districts, including the District, shall not incur indebtedness to an amount exceeding 2% of the value of the taxable property therein, as estimated by the last assessment previous to the incurring of the indebtedness; provided, however, that Section 158 of the Kentucky Constitution also provides that nothing shall prevent the issue of any renewal bonds or bonds to fund the floating indebtedness of any city, county, or taxing district. In addition, Section 158 of the Kentucky Constitution also grants the Kentucky General Assembly the power, subject to the limits and conditions set forth in Section 158 and elsewhere in the Kentucky Constitution, to establish additional limits on indebtedness and the conditions under which debt may be incurred by cities, counties, and taxing districts.

Section 66.041 of the Kentucky Revised Statutes provides the same limitations on indebtedness as are set forth in Section 158 of the Kentucky Constitution, and further states that the debt limitations apply to "net indebtedness." In calculating "net indebtedness," Section 66.031 of the Kentucky Revised Statutes provides that certain obligations of a city, county, or taxing district are not to be considered as "indebtedness," including any notes issued in anticipation of bonds, self-supporting obligations, revenue bonds, special assessment debt, and other infrequently-issued types of obligations. For a complete list of all of the District's debt exempt from the calculation of "net indebtedness," see the Statement of Indebtedness attached hereto as Appendix D.

Appendix D to this Official Statement contains a Statement of Indebtedness for the District, certified by the Treasurer of the Board, that calculates the amount of the outstanding obligations of the District (including the Bonds) that are subject to the 2% total direct debt limit. The total principal amount of general obligation debt that could be issued by the District, subject to the 2% debt limitation, is \$30,838,776, and the District's net debt subject to such limit presently outstanding (including the Bonds) is \$2,385,000*, leaving a balance of approximately \$28,453,776* borrowing capacity issuable within such limitation.

However, as described under the heading "THE DISTRICT - Tax Base Information - Limitation on Taxation" herein, the District's ability to incur debt in these amounts is also restricted by tax limitations. In the case of general obligation debt, both the debt limitation and tax limitation must be met.

Bond Anticipation Notes

As provided by Section 56.513 and Section 58.150 of the Kentucky Revised Statutes, school districts are authorized to issue notes from time to time, including renewal notes, in anticipation of the issuance of any bonds, upon the same terms and conditions as bonds, except bond anticipation notes may be sold by private, negotiated sale in any manner determined or authorized by the board of education of the district. The ability of a school district to retire its bond anticipation notes from the proceeds of the sale of either bonds or renewal notes will ultimately depend upon the marketability of such bonds or renewal notes under the market conditions prevailing at the time of such sale.

LEGAL MATTERS

General

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status thereof are subject to the approving legal opinion of Dinsmore & Shohl LLP, as Bond Counsel for the Bonds. Upon delivery to the successful bidder therefor, the Bonds will be accompanied by an approving legal opinion dated the date of such delivery, rendered by Dinsmore & Shohl LLP. A draft of the approving legal opinion for the Bonds is set forth in "Appendix E - Form of Approving Legal Opinion of Bond Counsel" hereto.

As Bond Counsel, Dinsmore & Shohl LLP has performed certain functions to assist the District in the preparation of this Official Statement. However, the firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the District or the Bonds that may be made available by the District or others to the bidders, the holders of the Bonds, or any other persons.

The engagement of the firm as Bond Counsel for the Bonds is limited to (i) the preparation of certain documents contained in the transcript of proceedings for the Bonds, and (ii) an examination of such transcript of proceedings incident to rendering its approving legal opinion for the Bonds. In its capacity as Bond Counsel, the firm has reviewed the information set forth in this Official Statement under the Sections entitled "THE BONDS - Authority for Issuance," "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS," "THE DISTRICT - Tax Base Information - Limitation on Taxation," "THE DISTRICT - Debt Limitation," "LEGAL MATTERS - General," and "LEGAL MATTERS - Tax Treatment," which review did not include independent verification of the financial statements and the statistical data included therein, if any.

Transcript and Closing Certificates

A complete transcript of proceedings for the Bonds, including a no litigation certification and other appropriate closing documents, will be delivered by the District when the Bonds are delivered to the original purchaser thereof. At the time of delivery, the District will also provide the original purchaser of the Bonds with a certification, executed by the Chair or the Treasurer of the Board or the Finance Director of the District, and addressed to such purchaser, relating to the accuracy and completeness of this Official Statement.

Litigation

To the knowledge of the District, no litigation, administrative action, or other proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds, or the improvements being financed with the proceeds of the Bonds. A no litigation certification to that effect will be delivered to the original purchaser of the Bonds at the time of the delivery of the Bonds.

Tax Treatment

General

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings, and court decisions in effect as of the date hereof, interest on the Bonds will be excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals (for a discussion of the corporate alternative minimum tax, see "LEGAL MATTERS - Tax Treatment - Corporate Alternative Minimum Tax" herein). In addition, Bond Counsel is also of the opinion that interest on the Bonds will be exempt from Kentucky income taxation and that the Bonds will be exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the opinion of Bond Counsel to be delivered concurrently with the issuance of the Bonds is set forth in "Appendix E - Form of Approving Legal Opinion of Bond Counsel" hereto.

The Code imposes various restrictions, conditions, and requirements with respect to the exclusion of interest on certain obligations, including the Bonds, from gross income for federal income tax purposes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will be excludable from gross income for federal income tax purposes. Any failure to comply with these covenants could result in the interest on the Bonds being includable in gross income for federal income tax purposes, and such inclusion could be required retroactively to the date of issuance of the Bonds. The approving legal opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or any events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bonds and any other documents related thereto may be changed, and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Bonds or such other documents. Bond Counsel expresses no opinion as to any Bonds or the tax status of the interest thereon if any such change occurs or any such action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel is of the opinion that the interest on the Bonds will be excludable from gross income for federal income tax purposes and that interest on the Bonds will be excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal, state, or local tax liabilities. The nature and extent of these tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion, and each Bondholder or potential Bondholder is urged to consult with its tax counsel with respect to the effects of the purchasing, holding, or disposing of the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code; increasing the federal tax liability of certain insurance companies under Section 832 of the Code; increasing the federal tax liability and affecting the status of certain S Corporations subject to Section 1362 and Section 1375 of the Code; increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code; and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain taxpayers under Section 265 of the Code. Finally, the residence of a bondholder in a state other than Kentucky or a bondholder being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed on such bondholder by such states or their political subdivisions based on the interest or other income from the Bonds.

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

Original Issue Premium

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

The Bonds having a yield that is higher than the interest rate (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount ("OID") from the amounts payable on such Bonds (the "Discount Bonds") at maturity. OID is an amount equal to 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 in accordance with that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of such bond, and for the Discount Bonds, the amount of such accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semiannual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns such Discount Bond will be 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 and thus, in practical effect, will be treated as stated interest, which is excludable from the gross income of the purchaser for federal income tax purposes.

In addition to the foregoing, the OID that accrues in each year to the owner of any Discount Bond will be 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 of the Discount Bonds should be aware that the accrual of OID in each year may result in an alternative minimum tax liability, additional distribution requirements, or other collateral federal income tax consequences even though the owner of such Discount Bond has not received any cash attributable to the OID accruing 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.

Corporate Alternative Minimum Tax

The Inflation Reduction Act of 2022 imposes a new corporate alternative minimum tax equal to 15% of the "adjusted financial statement income" of an "applicable corporation," both as defined in Section 59(k) of the Code. Generally, an applicable corporation includes any corporation (as defined for federal income tax purposes, other than S corporations, regulated investment companies, and real estate investment trusts) with an "average annual adjusted financial statement income" of more than \$1,000,000,000 over any preceding period of three tax years (ending with a tax year ending after December 31, 2021). The corporate alternative minimum tax applies for all

tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on tax-exempt bonds, such as the interest on the Bonds, is included (i) in computing "average annual adjusted financial statement income" for the purposes of determining whether a corporation qualifies as an "applicable corporation," and (ii) in determining an applicable corporation's "adjusted financial statement income" for the purposes of calculating the alternative minimum tax imposed on applicable corporations under Section 55 of the Code, regardless of the issue date of such tax-exempt bonds.

CONTINUING DISCLOSURE

In accordance with Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC"), the District will execute and deliver a Continuing Disclosure Certificate to be dated the date of issuance of the Bonds (the "Continuing Disclosure Certificate"), the form of which is set forth in "Appendix F - Form of Continuing Disclosure Certificate" hereto, for the benefit of all parties who may become registered owners or beneficial owners of the Bonds from time to time. Under the Continuing Disclosure Certificate, so long as the Bonds remain outstanding, the District will agree to comply with the provisions of the Rule by causing the following the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (the "MSRB"), or to any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system, as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the SEC, for each fiscal year of the District, certain annual financial information and operating data of the District (the "Annual Financial Information"), including the audited financial statements of the District, generally consistent with (i) the financial information and operating data of the District set forth under the following headings of Appendix B to the Offering Document: "Assessed Value of Property," "Historical Tax Rates," "Tax Receipts," "Top Ten Taxpayers of the District," "Attendance," and "SEEK Funds," and (ii) the audited financial statements of the District set forth in "Appendix C - Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2023" hereto. The Annual Financial Information shall be provided annually, no later than 270 days after the end of the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2024, provided, however, that audited financial statements may not be available by such date, but shall be made available immediately upon delivery thereof by the auditors for the District; and
- (ii) to the MSRB, through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or any other material events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders, if material;
 - (h) Bond calls, if material, and tender offers (except for any mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
 - (i) Defeasances;
 - (j) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (k) Rating changes;
 - (l) Bankruptcy, insolvency, receivership, or other similar event of the District (Note: This event is considered to occur upon the occurrence of any of the following: The appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or under any

- other state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession of such assets or business, but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);
- (m) The consummation of any merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than in accordance with its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Incurrence of a Financial Obligation of the District, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect its security holders, if material; and
 - (p) Default, event of acceleration, termination event, modification of terms, or any other similar events under the terms of any Financial Obligation of the District, any of which reflect financial difficulties.

(iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the District has knowledge) of the District to provide the required Annual Financial Information on or before the date specified in the Continuing Disclosure Certificate.

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

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC.

The Continuing Disclosure Certificate provides bondholders, including the beneficial owners of the Bonds, with certain enforcement rights in the event of failure by the District to comply with the terms thereof; however, a default under the Continuing Disclosure Certificate does not constitute an event of default under the Bond Resolution. The Continuing Disclosure Certificate may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

As of the date of this Official Statement, the District is in compliance with the reporting requirements of the Rule for the past five years for which it is an "obligated person," as defined in the Rule. The District intends to file all future Annual Financial Information within the time requirements specified in the Rule, the Continuing Disclosure Certificate, and the District's existing continuing disclosure undertakings relating to other outstanding debt issues, and the District has adopted policies and procedures to ensure the timely filing thereof, which policies and procedures are available to the public upon request.

Financial information regarding the District may be obtained from the Superintendent of the District at 1055 Eaton Drive, Fort Wright, Kentucky 41017.

RATING

As noted on the cover page of this Official Statement, Moody's Investors Service, Inc. ("Moody's") has assigned an enhanced rating of "Aa3" to the Bonds. Such rating reflects only the view of Moody's. Any explanation of the significance of such rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. The District furnished Moody's with certain information and materials about the Bonds and themselves. Generally, rating agencies base their ratings upon such information and materials received from issuers and upon investigations, studies, and assumptions by the rating agencies.

There can be no assurance that a rating, when assigned, will continue for any given period of time or that it will not be lowered or withdrawn entirely by Moody's if, in its judgment, the circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Bonds.

The District presently expects to furnish Moody's with any information and materials that Moody's may request on future general obligation bond issues. However, the District assumes no obligation to furnish any requested information and materials and may issue debt for which a rating is not requested. The failure to furnish any requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of Moody's ratings on the District's outstanding general obligation bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by [_____] (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$[_____] (reflecting the par amount of the Bonds, [plus/less] net original issue [premium/discount] of \$[_____] , and less underwriter's discount of \$[_____] .) The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter, and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page hereof.

MUNICIPAL ADVISOR

RSA Advisors, LLC, Lexington, Kentucky, has acted as Municipal Advisor (the "Municipal Advisor") to the District in connection with the issuance and sale of the Bonds and will receive a fee, payable from the proceeds of the Bonds, for its services rendered as the Municipal Advisor to the District, contingent upon the issuance and sale of the Bonds. The Municipal Advisor has compiled certain data relating to the Bonds contained herein. The Municipal Advisor is not obligated (i) to undertake, and has not undertaken, to make an independent verification of, or (ii) to assume responsibility for the accuracy, completeness, or fairness of the information contained herein. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

MISCELLANEOUS

To the extent any statements contained herein involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. The information contained in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be reliable, but such information, other than any information obtained from the official records of the District, has not been independently confirmed or verified by the District, and the accuracy of any such information is not guaranteed. Neither this Official Statement nor any statement which may have been made, either orally or in writing, by or on behalf of the District is to be construed as a contract with the holders of the Bonds.

This Official Statement has been duly executed and delivered in the name and on behalf of the District by the Chair of the Board of the District.

**MASON COUNTY (KENTUCKY)
SCHOOL DISTRICT**

By /s/Dr. Miachel Coleman
Chair

APPENDIX A

**Mason County (Kentucky) School District
General Obligation Bonds
Series 2024B**

**ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS AND TOTAL DEBT
SERVICE REQUIREMENTS OF THE DISTRICT**

ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BOND

Fiscal Ending June 30	Current Restricted Fund Payments	----- School Building Revenue Bonds, Series 2024 -----			Total Restricted Fund Payments
		Total Principal	Total Interest	Total Payment	
2024	\$1,882,284				\$1,882,284
2025	\$2,237,068		\$41,032	\$41,032	\$2,278,100
2026	\$2,234,552	\$80,000	\$96,225	\$176,225	\$2,410,777
2027	\$2,235,354	\$80,000	\$93,025	\$173,025	\$2,408,379
2028	\$2,232,260	\$85,000	\$89,725	\$174,725	\$2,406,985
2029	\$2,240,303	\$90,000	\$86,225	\$176,225	\$2,416,528
2030	\$2,235,903	\$90,000	\$82,625	\$172,625	\$2,408,528
2031	\$2,233,910	\$95,000	\$78,925	\$173,925	\$2,407,835
2032	\$2,234,360	\$100,000	\$75,025	\$175,025	\$2,409,385
2033	\$2,237,815	\$105,000	\$70,925	\$175,925	\$2,413,740
2034	\$2,235,762	\$110,000	\$66,625	\$176,625	\$2,412,387
2035	\$2,235,029	\$115,000	\$62,125	\$177,125	\$2,412,154
2036	\$2,236,420	\$120,000	\$57,425	\$177,425	\$2,413,845
2037	\$2,236,144	\$125,000	\$52,525	\$177,525	\$2,413,669
2038	\$2,235,487	\$130,000	\$47,425	\$177,425	\$2,412,912
2039	\$2,094,610	\$135,000	\$42,125	\$177,125	\$2,271,735
2040	\$2,089,353	\$140,000	\$36,625	\$176,625	\$2,265,978
2041	\$2,095,122	\$145,000	\$30,925	\$175,925	\$2,271,047
2042	\$2,090,601	\$150,000	\$24,800	\$174,800	\$2,265,401
2043	\$1,487,400	\$155,000	\$18,243	\$173,243	\$1,660,643
2044	\$1,492,400	\$165,000	\$11,280	\$176,280	\$1,668,680
2045		\$170,000	\$3,825	\$173,825	\$173,825
TOTALS:	\$44,532,134	\$2,385,000	\$1,167,680	\$3,552,680	\$48,084,814

Note: Numbers are rounded to the nearest \$1.00.

APPENDIX B

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

TAX BASE, OPERATING, AND DEMOGRAPHIC DATA OF THE DISTRICT

**MASON COUNTY (KENTUCKY) SCHOOL DISTRICT
COUNTY OF MASON, KENTUCKY**

Maysville, the county seat of Mason County, is situated on the south bank of the Ohio River in the northeastern portion of Kentucky. Maysville is located 51 miles southeast of Cincinnati, Ohio; 135 miles northeast of Louisville, Kentucky; and 154 miles west of Charleston, West Virginia. The city had a 2023 population of 8,863.

Mason County, covering a land area of 241 square miles, is in the Outer Blue Grass Region. Mason County had population of 17,022 in 2023.

The Economic Framework

In 2023, Mason County had a labor force of 7,359 people with an unemployment rate of 5.3%. The top 5 jobs by occupations were as follows: office and administrative support - 823 (14.2%); sales - 598 (10.32%); executive, managers and administrators - 513 (8.85%); food preparation and serving - 390 (6.73%); and health diagnosing and treating practitioners - 387 (6.68%).

Transportation

Highways serving Maysville include U.S. Highway 62-68, Kentucky Routes 8, 10, 11 and Kentucky 9 (AA Highway). All are “AAA”-rated trucking highways. Twenty-five trucking companies provide interstate and/or intrastate service to Maysville. The Fleming-Mason Airport, a local airport located six miles south of the city, maintains a 5,000-foot paved runway. Scheduled commercial airline service is available at the Blue Grass Airport, 71 miles southwest near Lexington; and at the Cincinnati/Northern Kentucky International Airport in Boone County, Kentucky, 60 miles northeast of Maysville. Maysville is located on the Ohio River, where a nine-foot navigation channel is maintained. Private port facilities are located in Maysville. CSX Transportation, the Trans-Kentucky Transportation Railroad, and Amtrack provide rail service to Maysville.

Power and Fuel

Electric power is provided to Maysville and portions of Mason County by the Kentucky Utilities Company. The remainder of Mason County is served by the Fleming-Mason Rural Electric Cooperative Corporation. Natural gas service is provided by Columbia Gas of Kentucky, Inc.

TAX BASE INFORMATION

Assessed Value of Property

Fiscal Year	Total
2020	\$1,450,438,593
2021	\$1,469,873,366
2022	\$1,565,968,695
2023	\$1,680,506,139

Source: Kentucky Department of Education – SEEK Calculation

Historical Tax Rates

Fiscal Year	Real Estate	Tangible	Motor Vehicle
2020	40.860	41.150	29.500
2021	40.900	41.710	29.500
2022	40.800	40.800	29.500
2023	40.500	40.500	29.500

Source: Kentucky Department of Education

Top Ten Taxpayers of the District

The following table lists the ten largest real property taxpayers of the County as reported by the Mason County Property Valuation Administrator for the calendar year 2023.

Taxpayer Name	Real Property Assessment
1. Inland Paperboard & Packaging	\$23,223,414
2. Meadowview Regional Medical CT	\$12,880,484
3. Mitsubishi Electric MFG	\$14,680,043
4. Walmart Real Estate Business	\$10,134,561
5. Midland Maysville LLC	\$7,525,000
6. Green Tokai Co. LTD	\$7,231,930
7. Dravo Lime Co.	\$8,232,600
8. Lowes Home Centers Inc.	\$6,484,732
9. A-Strategy One LLC	\$6,050,000
10. Triad-Exchange LLC	\$5,667,038

OPERATING AND FINANCIAL DATA

Outstanding Bonds

Bond Series	Original Principal	Principal Outstanding	Assigned to Board	Assigned to Commission	Rate Range	Final Maturity
2013	\$2,315,000	\$1,185,000	\$0	\$2,315,000	3.125% - 4.000%	2033
2014	\$4,540,000	\$3,965,000	\$3,163,020	\$1,376,980	3.000% - 3.125%	2034
2016	\$1,465,000	\$1,390,000	\$1,465,000	\$0	2.000% - 3.000%	2036
2018	\$4,575,000	\$4,385,000	\$4,575,000	\$0	3.000% - 3.875%	2038
2019	\$8,765,000	\$7,815,000	\$7,733,102	\$1,031,898	2.000% - 3.000%	2039
2020	\$4,280,000	\$3,845,000	\$4,280,000	\$0	2.000% - 2.500%	2040
2021	\$26,415,000	\$23,370,000	\$6,165,987	\$20,249,013	2.000% - 2.125%	2041
2024	\$6,320,000	\$6,320,000	\$6,320,000	\$0	4.000%	2044
TOTALS:	\$58,675,000	\$52,275,000	\$33,702,109	\$24,972,891		

Overlapping Indebtedness

Issuer	Principal Amount	of Bonds Redeemed	Principal Outstanding
County of Mason			
General Obligation	4,255,000	0	4,255,000
Refinancing Revenue	4,910,000	3,855,000	1,055,000
Court Facility Public Corp.	1,094,430	681,232	413,198
Vehicles/Garbage Truck Revenue	363,781	0	363,781
City of Maysville			
Sewer Revenue	1,815,000	94,000	1,721,000
Special Districts			
Southern Mason Water District	535,000	311,000	224,000
Williamsburg Tourist and Convention Comm.	2,910,000	826,500	2,083,500
Totals:	11,628,211	1,512,732	10,115,479

Source: Kentucky Department of Local Government 2024 Debt Report

Attendance

School Year	Average Daily Attendance
2020-21	2,299
2021-22	2,397
2022-23	2,397
2023-24	2,231

Source: Kentucky Department of Education

SEEK Funds

Description	Fiscal Year			
	2021	2022	2023	2024
SEEK Funds	\$7,184,002	\$7,996,621	\$7,976,889	\$7,214,252
FSPK Funds	\$327,709	\$362,809	\$434,603	\$292,637
Capital Outlay Allotments	\$229,897	\$239,683	\$239,683	\$223,010

Source: Kentucky Department of Education

DEMOGRAPHIC DATA

Population

Area	2021	2022	2023
Maysville	8,760	8,844	8,627
Mason County	16,988	17,064	16,839

Source: Kentucky Cabinet for Economic Development

Population Projections

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Mason County	17,074	16,941	16,725

Source: Kentucky State Data Center, University of Louisville

Unemployment Rate (%)

<u>Year</u>	<u>Mason County</u>	<u>Kentucky</u>	<u>United States</u>
2020	7.80	6.50	8.10
2021	5.30	4.50	5.30
2022	5.00	4.00	3.60
2023	5.20	4.20	3.60

Source: Kentucky Center for Statistics

APPENDIX C

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

MASON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2023

Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-9
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14-15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities.....	16
Statement of Net Position – Proprietary Funds.....	17
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds.....	19
Statement of Net Position – Fiduciary Funds.....	20
Statement of Changes in Net Position - Fiduciary Funds	21
Notes to the Financial Statements	22-56
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	57
Budgetary Comparison Schedule – Special Revenue Fund.....	58
Notes to Budgetary Comparison Schedules.....	59
Schedule of District’s Proportionate Share of the Net Pension Liability and Contributions – CERS.....	60
Schedule of District’s Proportionate Share of the Net Pension Liability and Contributions – TRS.....	61
Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – CERS.....	62

Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – TRS Medical Insurance Fund	63
Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – TRS Life Insurance Fund	64
Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66
Statement of School Activity Funds	67-70
Schedule of Expenditures of Federal Awards.....	71-72
Notes to the Schedule of Expenditures of Federal Awards.....	73
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74-75
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	76-78
Schedule of Findings and Questioned Costs	79
Summary Schedule of Prior Audit Findings.....	80
Management Letter	81-82



INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Mason County School District
Maysville, 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 Mason County School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 District, as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

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

Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
November 7, 2023

As management of the Mason County School District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the District were more than its liabilities and deferred outflows at the close of the most recent fiscal year by \$8,598,902 (net position). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of \$19,687,605. The District is committed to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the District has liabilities of for postemployment benefits of \$17,631,493 which caused the deficit balance in the unrestricted net position.

The District's total net position increased by \$1,679,476.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

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 financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 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 the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, district and school administration, business and plant operations, student transportation, and operation of non-instructional services. Fixed assets and debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 10-11 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 the state mandated accounting system including a chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The proprietary fund is for food service operations. The fiduciary fund is a trust fund established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 12-21 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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.

Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Assets				
Current assets	\$ 18,703,455	\$ 28,004,022	\$ 1,254,599	\$ 925,043
Non-current assets	56,802,688	48,615,979	482,717	528,412
Total assets	75,506,143	76,620,001	1,737,316	1,453,455
Deferred outflows	5,074,697	3,822,363	270,242	372,658
Liabilities				
Current liabilities	1,375,651	810,849	24,069	425
Non-current liabilities	67,086,102	67,021,243	1,491,164	1,501,191
Total liabilities	68,461,753	67,832,092	1,515,233	1,501,616
Deferred inflows	3,839,543	5,605,881	172,967	409,887
Net position				
Net investment in capital assets	6,334,237	(4,261,723)	482,717	528,412
Restricted	21,469,553	21,469,553	-	(613,377)
Unrestricted	(19,524,246)	(10,203,439)	(163,359)	-
Total net position	\$ 8,279,544	\$ 7,004,391	\$ 319,358	\$ (84,965)

Change in Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2021
Revenues:				
Local revenue	\$ 11,347,613	\$ 11,325,812	\$ 88,522	\$ 98,450
State revenue	22,598,806	19,404,792	371,154	312,044
Federal revenue	5,378,703	6,310,362	2,398,335	2,067,106
Total revenues	39,325,122	37,040,966	2,858,011	2,477,600
Expenses:				
Instruction	20,473,435	19,657,020	-	-
Student support	1,442,887	1,374,668	-	-
Instruction staff	1,819,740	1,072,772	-	-
District administrative	948,249	1,082,778	-	-
School administrative	1,712,563	1,474,765	-	-
Business support	999,310	886,955	-	-
Plant operations and maintenance	3,455,344	2,826,291	-	-
Student transportation	2,636,113	2,334,808	-	-
Other instructional	170,015	64,799	-	-
Food service	-	-	2,439,853	2,211,501
Community services	366,618	330,434	-	-
Facility acquisition and improvement:	2,773,831	-	-	-
Interest on long-term debt	1,265,699	1,038,174	-	-
Total expenditures	38,063,804	32,143,464	2,439,853	2,211,501
Transfers	13,835	-	(13,835)	-
Change in net position	\$ 1,275,153	\$ 4,897,502	\$ 404,323	\$ 266,099

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's government funds reported combined fund balances of \$17,501,644, a decrease of \$9,873,575 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,757,477. The total general fund balance increased \$1,382,046.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had \$57,057,957 in capital assets net of depreciation. Net capital assets increased \$7,886,486.

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Land	\$ 1,276,725	\$ 1,276,725	\$ -	\$ -
Land and improvements	3,589,750	3,590,740	-	-
Buildings and improvements	22,685,740	23,563,324	-	-
Technology equipment	187,335	190,053	3,174	27,080
Vehicles	812,355	570,489	-	-
General equipment	418,919	392,236	-	3,204
Construction in progress	27,604,416	19,032,412	21,664	27,080
Food service equipment	-	-	457,879	498,128
Total capital assets	\$ 56,575,240	\$ 48,615,979	\$ 482,717	\$ 555,492

Long-Term Obligations

At the end of the fiscal year, the District had \$68,577,266 in long-term liabilities. Long-term liabilities increased \$55,257.

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2021
Bonds payable	\$ 50,241,003	\$ 52,877,702	\$ -	\$ -
Financed purchases	107,633	307,736	-	-
Operating leases	227,448	-	-	-
Compensated absences	369,689	389,814	-	-
Net OPEB liability	8,303,556	6,355,534	320,152	346,505
Net pension liability	7,836,773	7,090,457	1,171,012	1,154,261
Total long-term liabilities	\$ 67,086,102	\$ 67,021,243	\$ 1,491,164	\$ 1,500,766

GENERAL FUND BUDGET

Kentucky state statutes and the Kentucky Department of Education require school districts to adopt a budget that has a minimum 2% contingency. The District adopted a general fund budget that had a contingency of 21%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budgeted general fund revenue for the District decreased for the upcoming fiscal year primarily due to higher expected property tax revenue. Budgeted general fund expenditures decreased for the upcoming fiscal year primarily due to higher wage costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Officer, Lisa Moreland, 34 East Second St., Maysville, KY 41056.

Mason County School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 17,418,309	\$ 1,222,597	\$ 18,640,906
Receivables	1,285,146	-	1,285,146
Inventory	-	32,002	32,002
Right-of-use lease asset	227,448	-	227,448
Capital assets, net	56,575,240	482,717	57,057,957
Total assets	75,506,143	1,737,316	77,243,459
Deferred outflows of resources			
OPEB related	4,072,085	115,244	4,187,329
Pension related	1,002,612	154,998	1,157,610
Total deferred outflows of resources	5,074,697	270,242	5,344,939
Liabilities			
Accounts payable	602,092	24,069	626,161
Unearned revenue	599,719	-	599,719
Accrued interest payable	173,840	-	173,840
Due within one year:			
Bonds payable	3,596,698	-	3,596,698
Financed purchases	52,832	-	52,832
Operating lease	91,460	-	91,460
Due in more than one year:			
Bonds payable	46,644,305	-	46,644,305
Financed purchases	54,801	-	54,801
Operating lease	135,988	-	135,988
Compensated absences	369,689	-	369,689
Net OPEB liability	8,303,556	320,152	8,623,708
Net pension liability	7,836,773	1,171,012	9,007,785
Total liabilities	68,461,753	1,515,233	69,976,986
Deferred inflows of resources			
OPEB related	3,561,327	131,394	3,692,721
Pension related	278,216	41,573	319,789
Total deferred inflows of resources	3,839,543	172,967	4,012,510
Net position			
Net investment in capital assets	6,334,237	482,717	6,816,954
Restricted (deficit)	21,469,553	-	21,469,553
Unrestricted (deficit)	(19,524,246)	(163,359)	(19,687,605)
Total net position (deficit)	\$ 8,279,544	\$ 319,358	\$ 8,598,902

See accompanying notes to financial statements.

Mason County School District
Statement of Activities
Year Ended June 30, 2023

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenues (Expenses)</u>
Governmental Activities					
Instruction	\$ 20,473,435	\$ 4,000	\$ 9,136,083	\$ -	\$ (11,333,352)
Support services:					
Student	1,442,887	-	1,027,789	-	(415,098)
Instructional staff	1,819,740	-	1,384,891	-	(434,849)
District administration	948,249	-	175,207	-	(773,042)
School administration	1,712,563	-	569,863	-	(1,142,700)
Business	999,310	-	211,921	-	(787,389)
Plant operation	3,455,344	-	727,430	-	(2,727,914)
Student transportation	2,636,113	-	900,164	-	(1,735,949)
Other instructional	170,015	-	170,015	-	-
Community service	366,618	-	362,935	-	(3,683)
Building improvements	2,773,831	-	-	-	(2,773,831)
Interest on long-term debt	1,265,699	-	-	2,022,436	756,737
Total governmental activities	38,063,804	4,000	14,666,298	2,022,436	(21,371,070)
Business-Type Activities					
Food service	2,439,853	87,720	2,769,489	-	417,356
Total business-type activities	2,439,853	87,720	2,769,489	-	417,356
District total	\$ 40,503,657	\$ 91,720	\$ 17,435,787	\$ 2,022,436	\$ (20,953,714)
			Governmental Activities	Business-Type Activities	Total
Net revenues (expenses)			\$ (21,371,070)	\$ 417,356	\$ (20,953,714)
General Revenues					
Property taxes			7,750,204	-	7,750,204
Motor vehicle taxes			920,622	-	920,622
Utilities tax			1,493,800	-	1,493,800
State aid			11,254,706	-	11,254,706
Investment earnings			15,150	802	15,952
Other			1,197,906	-	1,197,906
Transfers			13,835	(13,835)	-
Total general revenues			22,646,223	(13,033)	22,633,190
Change in net position			1,275,153	404,323	1,679,476
Net position (deficit) - beginning of year			7,004,391	(84,965)	6,919,426
Net position (deficit) - end of year			\$ 8,279,544	\$ 319,358	\$ 8,598,902

See accompanying notes to financial statements.

Mason County School District
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (deficit)	\$ 7,813,445	\$ (476,037)	\$ 9,109,665	\$ 971,236	\$ 17,418,309
Accounts receivable	141,400	1,142,492		1,254	1,285,146
Total assets	\$ 7,954,845	\$ 666,455	\$ 9,109,665	\$ 972,490	\$ 18,703,455
Liabilities					
Accounts payable	\$ 63,323	\$ 81,104	\$ 444,613	\$ 13,052	\$ 602,092
Unearned revenue	-	589,293	-	10,426	599,719
Total liabilities	63,323	670,397	444,613	23,478	1,201,811
Fund balances					
Restricted	184,845	558,973	8,665,052	889,347	10,298,217
Committed	36,071	-	-	-	36,071
Assigned	913,129	-	-	-	913,129
Unassigned	6,757,477	(562,915)	-	59,665	6,254,227
Total fund balances	7,891,522	(3,942)	8,665,052	949,012	17,501,644
Total liabilities and fund balances	\$ 7,954,845	\$ 666,455	\$ 9,109,665	\$ 972,490	\$ 18,703,455

See accompanying notes to financial statements.

Mason County School District
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2023

Total fund balances - governmental funds	\$ 17,501,644
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and right-of use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	56,802,688
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Deferred outflow and inflow of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - OPEB	4,072,085
Deferred outflows - pensions	1,002,612
Deferred inflows - OPEB	(3,561,327)
Deferred inflows - pension	(278,216)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable	(173,840)
Bonds payable	(50,241,003)
Financed purchases	(107,633)
Operating lease	(227,448)
Compensated absences	(369,689)
Net OPEB liability	(8,303,556)
Net pension liability	(7,836,773)

Net position of governmental activities	\$ 8,279,544
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See accompanying notes to financial statements.

Mason County School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds
June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Property taxes	\$ 6,184,236	\$ -	\$ -	1,565,968	\$ 7,750,204
Motor vehicle taxes	920,622	-	-	-	920,622
Utility taxes	1,493,800	-	-	-	1,493,800
Earnings on investments	7,259	33	7,858	-	15,150
Other local revenue	39,143	19,797	-	1,107,922	1,166,862
Intergovernmental - state SEEK	10,033,724	-	-	1,108,889	11,142,613
Intergovernmental - state on-behalf	7,869,660	-	-	2,022,436	9,892,096
Intergovernmental - state other	112,092	1,452,005	-	-	1,564,097
Intergovernmental - federal	245,944	5,132,759	-	-	5,378,703
Total revenues	26,906,480	6,604,594	7,858	5,805,215	39,324,147

Mason County School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds - Continued
June 30, 2023

	General	Special	Construction	Other	Total
	Fund	Revenue	Fund	Governmental	Governmental
Expenditures				Funds	Funds
Instruction	14,466,047	4,420,703	-	997,856	19,884,606
Support services:				-	
Student	528,800	919,291	-	1,283	1,449,374
Instruction staff	1,664,306	182,756	-	-	1,847,062
District administrative	966,280	-	-	-	966,280
School administrative	1,713,319	11,603	-	-	1,724,922
Business support	955,627	47,772	-	-	1,003,399
Plant operation	3,215,777	220,592	-	-	3,436,369
Student transportation	2,653,975	221,283	-	29,248	2,904,506
Other instructional	-	170,015	-	-	170,015
Community services	8,779	360,199	-	479	369,457
Building improvements	7,355	-	11,338,480	-	11,345,835
Debt service	370,626	-	-	3,904,561	4,275,187
Total expenditures	26,550,891	6,554,214	11,338,480	4,933,427	49,377,012
Excess of revenues over (under) expenditures	355,589	50,380	(11,330,622)	871,788	(10,052,865)
Other financing sources (uses)					
Transfers in	905,832	80,589	-	1,882,125	2,868,546
Transfers out	(44,830)	(135,024)	-	(2,674,857)	(2,854,711)
Sale of assets	975	-	-	-	975
Lease proceeds	164,480	-	-	-	164,480
Total other financing sources (uses)	1,026,457	(54,435)	-	(792,732)	179,290
Net change in fund balances	1,382,046	(4,055)	(11,330,622)	79,056	(9,873,575)
Fund balances - beginning	6,509,476	113	19,995,674	869,956	27,375,219
Fund balances - end of year	\$ 7,891,522	\$ (3,942)	\$ 8,665,052	\$ 949,012	\$ 17,501,644

See accompanying notes to financial statements.

Mason County School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 June 30, 2023

Net change in fund balances - total governmental funds	\$ (9,873,575)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those asset is allocated over their estimated useful lives and reported as depreciation expense.</p>	
	7,959,261
<p>Lease proceeds provide current financial resources to governmental funds, but the proceeds increase long-term liabilities in the statement of net position.</p>	
	(164,480)
<p>Repayment of long-term debt and financed purchases are expenditures expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
	2,999,583
<p>Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds.</p>	
Amortization of bond premium	1,699
Change in accrued interest payable	8,206
Change in compensated absences	20,125
Change in OPEB liabilities and deferred amounts	75,038
Change in pension liabilities and deferred amounts	249,296
Change in net position of governmental activities	\$ 1,275,153

See accompanying notes to financial statements.

Mason County School District
Statement of Net Position – Proprietary Fund
June 30, 2023

	Food Service
Assets	
Current assets	
Cash and cash equivalents	\$ 1,222,597
Inventories for consumption	32,002
Total current assets	1,254,599
Noncurrent assets	
Capital assets, net	482,717
Total noncurrent assets	482,717
Total assets	1,737,316
Deferred outflows	
OPEB related	115,244
Pension related	154,998
Total deferred outflows	270,242
Liabilities	
Current liabilities	
Accounts payable	\$ 24,069
Total current liabilities	24,069
Long-term liabilities	
Net OPEB liability	320,152
Net pension liability	1,171,012
Total long-term liabilities	1,491,164
Total liabilities	1,515,233
Deferred outflows	
OPEB related	131,394
Pension related	41,573
Total deferred outflows	172,967
Net position	
Net investment in capital assets	482,717
Restricted	(163,359)
Total net position (deficit)	\$ 319,358

See accompanying notes to financial statements.

Mason County School District
Statement of Revenue, Expenses, and Changes
In Fund Net Position – Proprietary Fund
June 30, 2023

	Food Service Fund
Operating revenues	
Food service	\$ 87,526
Other operating revenue	194
Total operating revenues	87,720
Operating expenses	
Salaries and wages	535,890
Employee benefits	408,220
Purchased services	63,855
Materials and supplies	1,245,324
Other operating expenses	140,869
Depreciation	45,695
Total operating expenses	2,439,853
Operating loss	(2,352,133)
Non operating revenues	
Operating grants - state	16,163
Operating grants - state on-behalf	354,991
Operating grants - federal	2,298,158
Donated commodities	100,177
Transfers in	
Transfers out	(13,835)
Interest income	802
Total other financing sources (uses)	2,756,456
Net change in fund balances	404,323
Fund balances - beginning of year	(84,965)
Fund balances - end of year	\$ 319,358

See accompanying notes to financial statements.

Mason County School District
Statement of Net Position – Fiduciary Fund
June 30, 2023

	Food Service Fund
Cash flows from operating activities	
Cash received:	
From food service sales	\$ 87,526
From other activities	194
Cash paid:	
To employees	(1,088,216)
To suppliers	(1,193,416)
For operating expenses	(140,869)
Net cash used in operating activities	(2,334,781)
Cash flows from noncapital financing activities	
Operating grants	2,669,312
Cash transfer	(13,835)
Net cash provided by noncapital financing activities	2,655,477
Cash flows from investing activities	
Interest on investments	802
Net cash provided by investing activities	802
Net increase in cash	321,498
Cash - beginning of year	901,099
Cash - end of year	\$ 1,222,597
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (2,352,133)
Adjustments to reconcile operating loss to net cash in operating activities	
Depreciation	45,695
Commodities received	100,177
Changes in:	
Inventory	(8,058)
Payables	23,644
Deferred outflows	102,416
Deferred inflows	(236,920)
Net OPEB liability	(26,353)
Net pension liability	16,751
Net cash used in operating activities	\$ (2,334,781)
Noncash activities	
Commodities received from federal	\$ 100,177
On-behalf payments received state	\$ 354,991

See accompanying notes to financial statements.

Mason County School District
 Statement of Net Position – Fiduciary Fund
 June 30, 2023

	Trust Funds
Assets	
Cash	\$ 18,586
Total assets	\$ 18,586
Net position	
Restricted	\$ 18,586

See accompanying notes to financial statements.

Mason County School District
Statement of Changes in Net Position – Fiduciary Fund
June 30, 2023

	Trust Funds
Additions	
Interest income	\$ 14
Total additions	14
Deductions	
Community services	-
Total deductions	0
Change in net position	14
Net position - beginning of year	18,572
Net position - end of year	\$ 18,586

See accompanying notes to financial statements.

NOTE 1: ACCOUNTING POLICIES

Reporting Entity

The Mason 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 education within the jurisdiction of Mason 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 Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

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

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

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

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

Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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.

The statement of net position presents the financial condition of the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to determine legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

Governmental Fund Types

The *General Fund* is the primary operating fund of the District. This used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the District.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as 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.

The *District Activity Fund* is a special revenue fund that accounts for funds received at the school level.

The *School Activity Fund* is a special revenue fund that accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

The *Capital Outlay Fund* is the Support Education Excellence in Kentucky (SEEK) fund and receives those funds designated by the state as capital outlay funds and is restricted for use in financing projects identified by the district's facility plan.

The *Building Fund* is the Facility Support Program of Kentucky (FSPK) fund and 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.

The *Construction Fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost, as required by state law.

Proprietary Fund Types (Enterprise Funds)

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

Fiduciary Fund Types

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District also reports a fiduciary fund which focuses on net position and changes in net position.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The District is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

Investments

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Receivables

Accounts receivables are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 Years
Improvements	20 Years
Infrastructure	40 Years
Vehicles	7 Years
General equipment	7 Years

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period, and therefore, are deferred until that time. The District recognized deferred outflows of resources related to pensions and other postemployment benefits on the government-wide financial statements.

Payables and Accrued Liabilities

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30.00% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-Term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

Pensions

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, are therefore, deferred until that time. The District recognized deferred inflows of resources related to pension and other postemployment benefits on the government-wide financial statements. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue that is earned by not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

Unrestricted net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable. Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Restricted. Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed. Amounts that can be used only for specific purposes determined by a formal action by District Council ordinance.

Assigned. Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by District Council.

Unassigned. All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

Revenues and Expenditures/Expenses

Property Taxes

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

The District levies a utility gross receipts license tax on telephone communication services, cablevision services, electric power, water, and gas furnished within the District's boundaries.

Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Expenses/Expenditures

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Interfund Balances

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Process

An annual budget is adopted for each governmental fund by ordinance prior to July 1. The budget can be amended by a subsequent ordinance. Expenditures may not legally exceed budgeted appropriations at the function level.

Subsequent Events

The District evaluated subsequent events for potential recognition and disclosure through November 7, 2023, the date the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

Custodial credit risk. This is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with state statute depository restrictions.

At year end, the District’s bank balance was \$19,267,252 and the carrying amount was \$18,640,906. The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the District.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year is summarized below:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Governmental Activities				
Land	\$ 1,276,725	\$ -	\$ -	\$ 1,276,725
Land improvements	4,861,533	-	-	4,861,533
Buildings and improvements	42,013,335	-	-	42,013,335
Technology equipment	4,878,919	-	(32,158)	4,846,761
Vehicles	3,504,224	357,210	(13,870)	3,847,564
General equipment	1,464,557	70,703	(37,611)	1,497,649
Construction in progress	19,032,412	8,572,004	-	27,604,416
Total at historical cost	77,031,705	8,999,917	(83,639)	85,947,983
Less Accumulated Depreciation				
Land improvements	1,270,793	990	-	1,271,783
Buildings and improvements	18,450,011	877,584	-	19,327,595
Technology equipment	4,688,866	2,718	(32,158)	4,659,426
Vehicles	2,933,735	115,344	(13,870)	3,035,209
General equipment	1,072,321	44,020	(37,611)	1,078,730
Total accumulated depreciation	28,415,726	1,040,656	(83,639)	29,372,743
Capital assets - net	\$ 48,615,979	\$ 7,959,261	\$ -	\$ 56,575,240

NOTE 3: CAPITAL ASSETS - CONTINUED

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Business-type Activities				
Technology equipment	\$ 27,802	\$ -	\$ -	\$ 27,802
Vehicles	27,080	-	-	27,080
General equipment	897,113	-	-	897,113
Total at historical cost	951,995	-	-	951,995
Less Accumulated Depreciation				
Technology equipment	24,598	30	-	24,628
Vehicles	-	5,416	-	5,416
General equipment	398,985	40,249	-	439,234
Total accumulated depreciation	423,583	45,695	-	469,278
Capital assets - net	\$ 528,412	\$ (45,695)	\$ -	\$ 482,717

Depreciation was charged to following government functions:

	Governmental	Business-type
Instruction	\$ 884,378	\$ -
Student support	20,432	-
Instructional staff	-	-
District administration	862	-
School administration	1,183	-
Business support	1,022	-
Plant operations	28,629	-
Student transportation	104,150	-
Community service	-	-
Food service	-	45,695
	\$ 1,040,656	\$ 45,695

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the year is summarized below:

Governmental Activities	Balance			Balance June 30, 2023	Amount	
	July 1, 2022	Additions	Reductions		Due Within One Year	Long- Term
Bonds payable	\$ 52,877,702	\$ -	\$ 2,636,699	\$ 50,241,003	\$ 3,596,698	\$ 46,644,305
Financed purchases	307,736	164,480	364,583	107,633	52,832	54,801
Operating leases	-	279,349	51,901	227,448	91,460	135,988
Compensated absences	389,814	-	20,125	369,689	-	369,689
Net OPEB liability	6,355,534	1,948,022	-	8,303,556	-	8,303,556
Net pension liability	7,090,457	746,316	-	7,836,773	-	7,836,773
Total long-term liabilities	\$ 67,021,243	\$ 3,138,167	\$ 3,073,308	\$ 67,086,102	\$ 3,740,990	63,345,112

Business-type Activities	Balance			Balance June 30, 2023	Amount	
	July 1, 2022	Additions	Reductions		Due Within One Year	Long- Term
Net OPEB liability	\$ 346,505	\$ -	\$ 26,353	\$ 320,152	\$ -	\$ 320,152
Net pension liability	1,154,261	16,751	-	1,171,012	-	1,171,012
Total long-term liabilities	\$ 1,500,766	\$ 16,751	\$ 26,353	\$ 1,491,164	\$ -	1,491,164

Bonds Payable

The District issues general obligations bonds to provide funds for the acquisition of equipment and the construction of facilities. The bonds are direct obligations and pledge the full faith and credit of the District. General obligations outstanding at year end are as follows:

Issue Date	Proceeds	Rates	Balance June 30, 2023
2012	\$ 9,235,000	1.240% - 2.400%	\$ 1,200,000
2013	2,315,000	1.950% - 4.000%	1,410,000
2014	4,540,000	2.000% - 3.250%	4,035,000
2016	1,465,000	2.000% - 3.000%	1,400,000
2018	4,545,000	3.000% - 3.875%	4,425,000
2019	8,765,000	2.000% - 3.000%	8,365,000
2020	4,280,000	2.000% - 2.500%	3,955,000
2021	26,415,000	2.000% - 2.125%	25,420,000
2021 Bond discount	33,976		31,003
	\$ 61,593,976		\$ 50,241,003

NOTE 4: LONG-TERM LIABILITIES - CONTINUED

Bond activity for the year is summarized below:

Issue	Balance			Balance June 30, 2023	Amount	
	July 1, 2022	Additions	Reductions		Due Within One Year	Long- Term
Series 2012	\$ 2,370,000	\$ -	\$ 1,170,000	\$ 1,200,000	\$ 1,200,000	\$ -
Series 2013	1,520,000	-	110,000	1,410,000	110,000	1,300,000
Series 2014	4,105,000	-	70,000	4,035,000	70,000	3,965,000
Series 2016	1,405,000	-	5,000	1,400,000	10,000	1,390,000
Series 2018	4,465,000	-	40,000	4,425,000	40,000	4,385,000
Series 2019	8,500,000	-	135,000	8,365,000	140,000	8,225,000
Series 2020	4,065,000	-	110,000	3,955,000	110,000	3,845,000
Series 2021	26,415,000	-	995,000	25,420,000	1,915,000	23,505,000
Total bonds payable	52,845,000	-	2,635,000	50,210,000	3,595,000	46,615,000
Bond premium	32,702	-	1,699	31,003	1,698	29,305
Total bonds payable	\$ 52,877,702	\$ -	\$ 2,636,699	\$ 50,241,003	\$ 3,596,698	\$ 46,644,305

Debt service requirements for the District's general obligation bonds are as follows:

Year End June 30	Mason County School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 1,166,271	\$ 716,016	\$ 1,528,729	\$ 493,722	\$ 3,904,738
2025	1,206,313	678,405	1,098,687	458,722	3,442,127
2026	1,231,976	650,376	1,123,024	434,387	3,439,763
2027	1,261,932	619,423	1,148,068	399,521	3,428,944
2028	1,295,907	586,954	1,174,093	383,316	3,440,270
2029	1,333,854	551,248	1,201,146	356,263	3,442,511
2030	1,370,972	514,533	1,229,028	328,380	3,442,913
2031	1,407,222	1,166,088	1,257,778	299,630	4,130,718
2032	1,447,574	436,188	1,287,426	269,982	3,441,170
2033	1,487,176	395,240	1,317,824	239,584	3,439,824
2034	1,534,371	351,592	1,315,629	209,014	3,410,606
2035	1,579,234	306,596	1,195,766	181,191	3,262,787
2036	1,620,606	262,413	1,149,394	156,755	3,189,168
2037	1,666,768	217,175	1,173,232	132,918	3,190,093
2038	1,712,430	172,258	1,197,570	108,580	3,190,838
2039	1,392,582	127,829	1,222,418	83,731	2,826,560
2040	1,431,458	89,494	1,233,542	58,574	2,813,068
2041	1,471,237	46,686	1,203,763	33,933	2,755,619
2042	1,504,614	15,987	1,030,386	10,948	2,561,935
Total debt service	\$ 27,122,497	\$ 7,904,501	\$ 23,087,503	\$ 4,639,151	\$ 62,753,652

NOTE 4: LONG-TERM LIABILITIES – CONTINUED

Financed Purchases

The District financed the purchase of technology equipment. The financed purchase is a direct obligation and pledges the full faith and credit of the District. Financed purchases outstanding at year end are as follows:

<u>Agreement</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Balance June 30, 2023</u>
US Bank #9	\$ 51,400	2.6630%	\$ 33,635
US Bank #10	56,540	2.6630%	36,999
US Bank #11	56,540	2.6630%	36,999
	<u>\$ 164,480</u>		<u>\$ 107,633</u>

Financed purchases activity is summarized below:

<u>Agreement</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Amount Due Within One Year</u>	<u>Long- Term</u>
KISTA	\$ 23,670	\$ -	\$ 23,670	\$ -	\$ -	\$ -
Modern Office	63,218	-	63,218	-	-	-
US Bank 2021	104,530	-	104,530	-	-	-
US Bank 2021	42,989	-	42,989	-	-	-
US Bank 2017	73,329	-	73,329	-	-	-
US Bank #9	-	51,400	17,765	33,635	16,510	17,125
US Bank #10	-	56,540	19,541	36,999	18,161	18,838
US Bank #11	-	56,540	19,541	36,999	18,161	18,838
Total financed purchases	\$ 307,736	\$ 164,480	\$ 364,583	\$ 107,633	\$ 52,832	\$ 54,801

Debt service requirements for the District's financed purchases are as follows:

<u>Year End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,832	\$ 4,015	\$ 56,847
2025	54,801	2,045	56,846
Total debt service	\$ 107,633	\$ 6,060	\$ 113,693

NOTE 4: LONG-TERM LIABILITIES – CONTINUED

Operating Leases

Leases in which the District has entered into as lessee are classified as operating leases – Type B. Following is a summary of property under right-of-use leases:

Right-of-use equipment	\$	279,349
Accumulated amortization		<u>51,901</u>
	\$	<u>227,448</u>

Remaining future payments under the lease contracts are as follows:

	June 30	
	<u>2024</u>	\$ 98,568
	2025	98,568
	2026	<u>41,070</u>
Total remaining payments		238,206
Less interest component		<u>10,758</u>
Operating leases, net		<u>\$ 227,448</u>

A summary of lease costs and other lease information is as follows:

Operating lease cost	\$	57,498
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Cash paid for amounts included in the measurement of lease liabilities:

Operating leases	\$	57,498
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Weighted-average remaining lease term
0.81 years

Weighted-average discount rate
3.78%

NOTE 4: LONG-TERM LIABILITIES – CONTINUED

Compensated absences

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. Compensated absence activity for the year is summarized below:

	Balance			Balance	Amount	
	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within	Long-
					One Year	Term
Governmental activities	\$ 389,814	\$ -	\$ 20,125	\$ 369,689	\$ -	\$ 369,689
Business-type activities	-	-	-	-	-	-
Total compensated absence	\$ 389,814	\$ -	\$ 20,125	\$ 369,689	\$ -	\$ 369,689

Pension

The net pension liability associated with the County Employees Retirement System (CERS) at year end is \$9,007,785. See Note 5.

OPEB

The net OPEB liability associated with the County Employees Retirement System (CERS) and the State Teachers Retirement System (TRS) at year end is \$2,462,708 and \$6,161,000, respectively. See Note 6.

NOTE 5: PENSION PLANS

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

General Information about the CERS Pension Plan

Plan Description

CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county, city, and school board and any additional eligible local agencies electing to participate in the Plan. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided

CERS provides retirement, death, and disability benefits to plan members. Retirement benefits maybe extended to beneficiaries under certain circumstances. Employees are vested in the plan after five years of service.

For retirement purposes, non-hazardous employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old, or 25 years service and any age
Tier 2	Participation date	September 1, 2008 to December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal
	Reduced retirement	Not available

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. Effective July 2, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 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 cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

NOTE 5: PENSION PLANS – CONTINUED

Contributions

Employees – Tier 1 plan members are required to contribute 5% of their creditable compensation. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute an additional 1%.

Employers – The contribution rate for the current year was 23.40%. The District made all required contributions for fiscal year in the amount of \$917,053.

General Information about the TRS Pension Plan

Plan Description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits Provided

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon

retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

NOTE 5: PENSION PLANS – CONTINUED

Benefits Provided - Continued

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to KTRS.

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

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

CERS

At June 30, 2023, the District reported a liability of \$9,007,785 for its proportionate share of the net pension liability for CERS. The net pension liability for the plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.1246% percent.

For the year ended June 30, 2023, the District recognized pension expense of \$653,008 related to CERS

NOTE 5: PENSION PLANS – CONTINUED

TRS

The District did not report a liability for the District’s proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The State’s proportionate share of the TRS net pension liability associated with the district is \$58,160,910.

For the year ended June 30, 2023, the District recognized pension expense of \$5,422,528 related to TRS. The District also recognized revenue of \$5,422,528 for TRS support provided by the Commonwealth.

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 9,630	\$ 80,218	
Change of assumptions	-	-	
Change in investment experience	230,927	-	
Change in proportionate share of contributions	-	239,571	
	<u>240,557</u>	<u>\$ 319,789</u>	<u>\$ (79,232)</u>
Subsequent contributions	917,053		
Total	<u>\$ 1,157,610</u>		

The contributions subsequent to the measurement date of \$917,053 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net deferral of (\$79,232) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2024	\$ (160,692)
2025	(98,735)
2026	(75,696)
2027	<u>255,891</u>
	<u>\$ (79,232)</u>

NOTE 5: PENSION PLAN (CONTINUED)

Actuarial assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2022, using generally accepted actuarial principles

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

The actuarial assumptions are:

CERS

Employer fiscal year end	2023
Plan year end	2022
Actuarial valuation date	June 30, 2020
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-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

NOTE 5: PENSION PLAN (CONTINUED)

Actuarial assumptions - Continued

TRS

Employer fiscal year end	2023
Plan year end	2022

Inflation	2.50%
Salary increases, including inflation	3.00% - 7.50%
Investment return	7.10%
Municipal bond index rate:	
Prior measurement date	2.13%
Measurement date	3.37%
Year FNP is expected to be depleted	NA
Single equivalent interest rate:	
Prior measurement date	7.10%
Measurement date	7.10%
Post-retirement benefit increases	1.50% annually
Mortality	Rates 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 Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the tables below.

NOTE 5: PENSION PLAN (CONTINUED)

Long-term expected rate of return – continued

CERS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected real return	100.00%	4.28%
Long-term inflation assumption		2.30%

TRS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap US Equity	37.40%	4.20%
Small Cap US Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	-0.10%
High Yield Bonds	2.00%	1.70%
Additional categories	5.00%	2.20%
Real Estate	7.00%	4.00%
Private Equity	7.00%	6.90%
Cash	2.00%	-0.30%
Expected real return	100.00%	7.10%
Long-term inflation assumption		2.50%

NOTE 5: PENSION PLAN (CONTINUED)

Discount rate

A single discount rate of 6.25% and 7.10% was used to measure the total pension liability for CERS and TRS, respectively, for the fiscal year ending June 30, 2022. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

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

The following table 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 or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
District's proportionate share of the CERS net pension liability	\$ 11,258,613	\$ 9,007,785	\$ 7,146,163

Pension plan fiduciary net position

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

NOTE 6: OPEB PLAN

General Information about the CERS Plan

Plan Description

The CERS Insurance fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are regular full-time members employed in positions of each participating county, District, and school board, and any additional eligible local agencies electing to participate in the System. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

NOTE 6: OPEB PLAN (CONTINUED)

Benefits Provided

The CERS Insurance hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

For health insurance purposes, employees are grouped into three tiers based on hire date:

Tier 1	
Participation date	Before July 1, 2003
Insurance eligibility	10 years of service credit required
Benefit	Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 2	
Participation date	After September 1, 2008 and before December 31, 2013
Insurance eligibility	15 years of service credit required
Benefit	Set dollar amount based on service credit accrued, increased annually
Tier 3	
Participation date	After December 31, 2013
Insurance eligibility	15 years of service credit required
Benefit	Set dollar amount based on service credit accrued, increased annually

Contributions

Employee Contributions. Tier 1 plan members are not required to contribute. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Employer Contributions – The contribution rate for the current year was 3.39%. The District made all required contributions for the fiscal year in the amount of \$132,855.

NOTE 6: OPEB PLAN (CONTINUED)

General Information about the TRS Plan

Plan Description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined OPEB pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits Provided

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

Contributions

In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. The District made all required contributions for the fiscal year in the amount of \$336,855.

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

CERS

At June 30, 2023, the District reported a liability of \$2,462,708 for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB liability was based on the District's share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022 the District's proportionate share was 0.1020%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$325,004 related to CERS.

NOTE 6: OPEB PLAN (CONTINUED)

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

TRS

At June 30, 2023, the District reported a liability of \$6,161,000 for its proportionate share of the net OPEB liability for TRS . The net OPEB liability for the plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net OPEB liability was based on the District’s share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022 the District’s proportionate share was 0.2419%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$69,310 related to TRS.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CERS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 247,892	\$ 564,756	
Change of assumptions	389,495	320,941	
Change in investment experience	99,956	-	
Change in proportionate share of contributions	11,276	125,024	
	748,619	<u>\$ 1,010,721</u>	<u>\$ (262,102)</u>
Subsequent contributions	132,855		
Total	<u>\$ 881,474</u>		

NOTE 6: OPEB PLAN (CONTINUED)

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

	TRS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ -	\$ 2,590,000	
Change of assumptions	1,251,000	-	
Change in investment experience	328,000	-	
Change in proportionate share of contributions	1,390,000	92,000	
	<u>2,969,000</u>	<u>\$ 2,682,000</u>	<u>\$ 287,000</u>
Subsequent contributions	336,855		
Total	<u>\$ 3,305,855</u>		

	Total		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 247,892	\$ 3,154,756	
Change of assumptions	1,640,495	320,941	
Change in investment experience	427,956	-	
Change in proportionate share of contributions	1,401,276	217,024	
	<u>3,717,619</u>	<u>\$ 3,692,721</u>	<u>\$ 24,898</u>
Subsequent contributions	469,710		
Total	<u>\$ 4,187,329</u>		

The contributions subsequent to the measurement date of \$469,710 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral of \$24,898 will be recognized as pension expense as follows:

Year ending June 30	Net Deferral
2024	\$ (188,737)
2025	(168,090)
2026	(261,231)
2027	296,956
2028	243,000
Thereafter	<u>103,000</u>
	<u>\$ 24,898</u>

NOTE 6: OPEB PLAN (CONTINUED)

Implicit Subsidy

The fully-insured premiums paid for the Kentucky Employees' Health plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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NOTE 6: OPEB PLAN (CONTINUED)

Actuarial assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2022, using generally accepted actuarial principles

There were no other material assumption changes.

CERS:

Employer fiscal year end	2023
Plan year end	2022

Actuarial valuation date	June 30, 2020
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-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.40% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided “Not to Exceed” 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

NOTE 6: OPEB PLAN (CONTINUED)

Actuarial assumptions – continued

TRS

Employer fiscal year end	2023
Plan year end	2022
Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including inflation	3.00% - 7.50%
Investment return	
Health trust	7.10%
Life trust	7.10%
Municipal bond index rate:	3.37%
Year FNP is expected to be depleted	
Health trust	NA
Life trust	NA
Single equivalent interest rate:	
Health trust	7.10%
Life trust	7.10%
Health trust health care cost trends	
Under age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2035
Medicare Part B premiums	6.97% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2034

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% and 2.50% per annum for CERS and TRS, respectively.

NOTE 6: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

CERS

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
Public equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
<u>Expected real return</u>	<u>100.00%</u>	<u>4.28%</u>
<u>Long-term inflation assumption</u>		<u>2.30%</u>

TRS - MIF

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
Global equity	58.00%	5.10%
Fixed income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private equity	8.50%	6.90%
High Yield	8.00%	1.70%
Other categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
<u>Expected real return</u>	<u>100.00%</u>	<u>7.10%</u>
<u>Long-term inflation assumption</u>		<u>2.50%</u>

NOTE 6: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

TRS - LIF

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
Expected real return	100.00%	7.10%
Long-term inflation assumption		2.50%

Discount rate

Single discount rates of 6.25% and 7.10% for CERS and TRS respectively were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

NOTE 6: OPEB PLAN (CONTINUED)

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

The following table presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 5.70% nonhazardous and 5.61% hazardous 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 or 1-percentage-point higher than the current rate:

	1% Decrease 4.70%	Current Discount Rate 5.70%	1% Increase 6.70%
District's proportionate share of the CERS net OPEB liability	\$ 3,292,248	\$ 2,462,708	\$ 1,776,955
	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of the TRS net OPEB liability	\$ 7,730,000	\$ 6,161,000	\$ 4,862,000
Total	\$ 11,022,248	\$ 8,623,708	\$ 6,638,955

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the CERS net OPEB liability	\$ 1,830,969	\$ 2,462,708	\$ 3,221,308
District's proportionate share of the TRS net OPEB liability	4,619,000	6,161,000	8,080,000
Total	\$ 6,449,969	\$ 8,623,708	\$ 11,301,308

OPEB plan fiduciary net position

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

NOTE 7: ON-BEHALF

For the year ended June 30, 2023, payments made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

Fund	
General	\$ 7,869,660
Debt service	2,022,436
Food service	354,991
	<u>\$ 10,247,087</u>

Type	
Retirement	\$ 5,422,528
Health insurance less federal reimbursement	2,469,510
Life insurance	4,212
Administrative fee	33,652
HRA/Dental/Vision insurance	145,862
Technology	148,887
Debt service	2,022,436
	<u>\$ 10,247,087</u>

NOTE 8: FUND TRANSFERS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue	Technology Match	\$ 44,830
Special Revenue	General fund	Indirect costs	99,265
Special Revenue	Special Revenue	Interfund	35,759
Capital outlay	General fund	Capital projects	239,683
Building fund	General fund	Capital projects	552,959
Building fund	Debt service	Debt service	1,882,215
Food service	General fund	Indirect costs	13,835
			<u>\$ 2,868,546</u>

Transfers are summarized as follows:

	Transfers In	Transfers Out	Net Transfer
Governmental funds	\$ 2,868,546	\$ 2,854,711	\$ 13,835
Proprietary fund	-	13,835	(13,835)
	<u>\$ 2,868,546</u>	<u>\$ 2,868,546</u>	<u>\$ -</u>

NOTE 9: CONTINGENCIES

Grants. The District receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the District's grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.

Litigation. The District is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the District. In the opinion of District management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of any cases has been made in the accompanying financial statements

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has obtained insurance coverage through a commercial insurance company. In addition, the District has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the District as of June 30, 2023, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

NOTE 11: GASB 96

The District adopted *GASB 96, Subscription-Based Information Technology Arrangements (SBITA)*. The District did not identify any contracts that would require reporting under GASB 96.

REQUIRED SUPPLEMENTARY INFORMATION

Mason County School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
Local sources	\$ 7,882,090	\$ 7,882,090	\$ 8,645,060	\$ 762,970
State sources	10,100,224	10,100,224	18,015,476	7,915,252
Federal sources	165,000	165,000	245,944	80,944
Total revenues	18,147,314	18,147,314	26,906,480	8,759,166
Expenditures				
Instruction	10,577,601	10,577,601	14,466,047	(3,888,446)
Support services:				
Student	422,102	422,102	528,800	(106,698)
Instruction staff	552,135	552,135	1,664,306	(1,112,171)
District administrative	1,102,225	1,102,225	966,280	135,945
School administrative	1,152,822	1,152,822	1,713,319	(560,497)
Business	703,159	703,159	955,627	(252,468)
Plant operations	2,582,613	2,582,613	3,215,777	(633,164)
Student transportation	2,137,353	2,137,353	2,653,975	(516,622)
Community services	13,809	13,809	8,779	5,030
Building improvements	7,500	7,500	7,355	145
Debt service			370,626	(370,626)
Contingency	5,206,712	5,206,712	-	5,206,712
Total expenditures	24,458,031	24,458,031	26,550,891	(2,092,860)
Excess (deficiency) of revenues over expenditures	(6,310,717)	(6,310,717)	355,589	6,666,306
Other financing sources (uses)				
Transfers in	30,904	30,904	905,832	874,928
Transfers out	(50,000)	(50,000)	(44,830)	5,170
Sale of assets	3,000	3,000	975	(2,025)
Lease proceeds	-	-	164,480	164,480
Total other financing sources (uses)	(16,096)	(16,096)	1,026,457	1,042,553
Net change in fund balances	(6,326,813)	(6,326,813)	1,382,046	7,708,859
Fund balances - beginning of year	6,326,813	6,326,813	6,509,476	182,663
Fund balances - end of year	\$ -	\$ -	\$ 7,891,522	\$ 7,891,522

Mason County School District
 Budgetary Comparison Schedule – Special Revenue Fund
 June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
Local sources	\$ 27,198	\$ 27,198	\$ 19,830	\$ (7,368)
State sources	1,557,852	1,557,852	1,452,005	(105,847)
Federal sources	2,335,413	2,335,413	5,132,759	2,797,346
Total revenues	3,920,463	3,920,463	6,604,594	2,684,131
Expenditures				
Instruction	3,367,465	3,367,465	4,420,703	(1,053,238)
Support services:				
Student	66,295	66,295	919,291	(852,996)
Instruction staff	122,319	122,319	182,756	(60,437)
School administrative	-	-	11,603	(11,603)
Business	22,528	22,528	47,772	(25,244)
Plant operations	26,010	26,010	220,592	(194,582)
Student transportation	-	-	221,283	(221,283)
Other instructional	43,992	43,992	170,015	(126,023)
Community services	358,464	358,464	360,199	(1,735)
Building improvements			-	
Debt service	-	-	-	-
Total expenditures	4,007,073	4,007,073	6,554,214	(2,547,141)
Excess (deficiency) of revenues over expenditures	(86,610)	(86,610)	50,380	136,990
Other financing sources (uses)				
Transfers in	284,827	284,827	80,589	(204,238)
Transfers out	(216,019)	(216,019)	(135,024)	80,995
Lease proceeds	-	-	-	-
Total other financing sources (uses)	68,808	68,808	(54,435)	(123,243)
Net change in fund balances	(17,802)	(17,802)	(4,055)	13,747
Fund balances - beginning of year	(42,776)	(42,776)	113	42,889
Fund balances - end of year	\$ (60,578)	\$ (60,578)	\$ (3,942)	\$ 56,636

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 accounting method and GAAP are:

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

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

In accordance with state law, the District prepares a general school 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 expenditures for the subsequent fiscal year by January 31 of each calendar year.

The District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

The District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.00% contingency.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget.

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

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	2022	0.1246%	\$ 9,007,785	\$ 3,568,592	252.42%	52.42%
2022	2021	0.1293%	\$ 8,244,718	\$ 3,357,012	245.60%	55.95%
2021	2020	0.1311%	\$ 10,051,887	\$ 3,377,698	297.60%	47.81%
2020	2019	0.1334%	\$ 9,382,996	\$ 3,284,849	285.64%	50.45%
2019	2018	0.1325%	\$ 8,066,974	\$ 3,150,350	256.07%	53.54%
2018	2017	0.1293%	\$ 7,566,863	\$ 3,104,763	243.72%	53.32%
2017	2016	0.1287%	\$ 6,335,478	\$ 3,104,763	204.06%	55.50%
2016	2015	0.1273%	\$ 5,476,878	\$ 2,958,220	185.14%	59.97%
2015	2014	0.1342%	\$ 4,353,759	\$ 2,958,220	147.17%	66.80%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 917,053	\$ 917,053	\$ -	\$ 3,919,030	23.40%
2022	\$ 755,471	\$ 755,471	\$ -	\$ 3,568,592	21.17%
2021	\$ 647,901	\$ 647,901	\$ -	\$ 3,357,012	19.30%
2020	\$ 545,841	\$ 545,841	\$ -	\$ 3,377,698	16.16%
2019	\$ 475,365	\$ 475,365	\$ -	\$ 3,284,849	14.47%
2018	\$ 439,080	\$ 439,080	\$ -	\$ 3,150,350	13.94%
2017	\$ 365,574	\$ 365,574	\$ -	\$ 3,104,763	11.77%
2016	\$ 380,323	\$ 380,323	\$ -	\$ 3,104,763	12.25%
2015	\$ 581,552	\$ 581,552	\$ -	\$ 2,958,220	19.66%

Changes Since Last Actuarial Valuation

Benefits

No changes

Assumptions

No material changes

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

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	State's proportionate share of the net pension liability associated with the District	District's covered payroll	District's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	2022	0.0000%	\$ -	\$ 58,160,910	\$ 10,977,033	0.00%	56.41%
2022	2021	0.0000%	\$ -	\$ 47,873,756	\$ 12,248,574	0.00%	65.59%
2021	2020	0.0000%	\$ -	\$ 52,406,134	\$ 12,004,511	0.00%	58.27%
2020	2019	0.0000%	\$ -	\$ 51,024,372	\$ 12,092,278	0.00%	58.76%
2019	2018	0.0000%	\$ -	\$ 49,664,008	\$ 11,772,378	0.00%	59.30%
2018	2017	0.0000%	\$ -	\$ 101,226,844	\$ 11,715,920	0.00%	39.83%
2017	2016	0.0000%	\$ -	\$ 110,380,849	\$ 11,715,920	0.00%	35.22%
2016	2015	0.0000%	\$ -	\$ 92,580,483	\$ 11,466,263	0.00%	42.49%
2015	2014	0.0000%	\$ -	\$ 80,999,928	\$ 11,466,263	0.00%	45.59%

Schedule of District's Contributions - TRS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2023	\$ -	\$ -	\$ -	\$ 11,228,500	0.00%
2022	\$ -	\$ -	\$ -	\$ 10,977,033	0.00%
2021	\$ -	\$ -	\$ -	\$ 12,248,574	0.00%
2020	\$ -	\$ -	\$ -	\$ 12,004,511	0.00%
2019	\$ -	\$ -	\$ -	\$ 12,092,278	0.00%
2018	\$ -	\$ -	\$ -	\$ 11,772,378	0.00%
2017	\$ -	\$ -	\$ -	\$ 11,715,920	0.00%
2016	\$ -	\$ -	\$ -	\$ 11,715,920	0.00%
2015	\$ -	\$ -	\$ -	\$ 11,466,263	0.00%

Changes Since Last Actuarial Valuation

Benefits

No changes

Assumptions

No material changes

Schedule of District's Proportionate Share of the Net OPEB Liability - CERS

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	2022	0.1020%	\$ 2,642,708	\$ 3,568,592	74.05%	60.95%
2022	2021	0.1293%	\$ 2,475,039	\$ 3,357,012	73.73%	58.41%
2021	2020	0.1310%	\$ 3,163,710	\$ 3,377,698	93.66%	51.67%
2020	2019	0.1334%	\$ 2,243,358	\$ 3,284,849	68.29%	60.44%
2019	2018	0.1325%	\$ 2,351,677	\$ 3,150,350	74.65%	57.62%
2018	2017	0.1293%	\$ 2,598,870	\$ 3,104,763	83.71%	52.39%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 132,855	\$ 132,855	\$ -	\$ 3,919,030	3.39%
2022	\$ 206,261	\$ 206,261	\$ -	\$ 3,568,592	5.78%
2021	\$ 144,064	\$ 144,064	\$ -	\$ 3,357,012	4.29%
2020	\$ 174,670	\$ 174,670	\$ -	\$ 3,377,698	5.17%
2019	\$ 194,193	\$ 194,193	\$ -	\$ 3,284,849	5.91%
2018	\$ 178,605	\$ 178,605	\$ -	\$ 3,150,350	5.67%
2017	\$ 158,259	\$ 158,259	\$ -	\$ 3,104,763	5.10%

Changes Since Last Actuarial Valuation

Benefits

No changes

Assumptions

The discount rate to calculate the total OPEB liability and OPEB expense increased from 5.0% to 5.70%. There were no other material plan provision changes.

Mason County School District
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Medical Insurance Plan
 June 30, 2023

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Medical Insurance Plan

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	2022	0.2419%	\$ 6,161,000	\$ 2,024,000	\$ 10,977,033	56.13%	47.75%
2022	2021	0.1970%	\$ 4,227,000	\$ 3,433,000	\$ 12,248,574	34.51%	51.47%
2021	2020	0.1992%	\$ 5,027,000	\$ 4,027,000	\$ 12,004,511	41.88%	32.58%
2020	2019	0.2004%	\$ 5,864,000	\$ 4,736,000	\$ 12,092,278	48.49%	32.58%
2019	2018	0.1966%	\$ 8,258,000	\$ 5,878,000	\$ 11,772,378	70.15%	25.54%
2018	2017	0.1990%	\$ 7,098,000	\$ 5,798,000	\$ 11,715,920	60.58%	21.18%

Schedule of District's Contributions - TRS Medical Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 336,855	\$ 336,855	\$ -	\$ 11,228,500	3.00%
2022	\$ 329,311	\$ 329,311	\$ -	\$ 10,977,033	3.00%
2021	\$ 647,901	\$ 647,901	\$ -	\$ 12,248,574	5.29%
2020	\$ 545,841	\$ 545,841	\$ -	\$ 12,004,511	4.55%
2019	\$ 475,365	\$ 475,365	\$ -	\$ 12,092,278	3.93%
2018	\$ 439,080	\$ 439,080	\$ -	\$ 11,772,378	3.73%
2017	\$ 365,574	\$ 365,574	\$ -	\$ 11,715,920	3.12%

Changes Since Last Actuarial Valuation

Benefits

No changes

Assumptions

No changes

Mason County School District
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Life Insurance Plan
 June 30, 2023

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Life Insurance Plan

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	2022	0.0000%	\$ -	\$ 101,000	\$ 10,977,033	0.00%	73.97%
2022	2021	0.0000%	\$ -	\$ 46,000	\$ 12,248,574	0.00%	89.15%
2021	2020	0.0000%	\$ -	\$ 122,000	\$ 12,004,511	0.00%	71.57%
2020	2019	0.0000%	\$ -	\$ 110,000	\$ 12,092,278	0.00%	73.40%
2019	2018	0.0000%	\$ -	\$ 101,000	\$ 11,772,378	0.00%	74.97%
2018	2017	0.0000%	\$ -	\$ 78,000	\$ 11,715,920	0.00%	79.99%

Schedule of District's Contributions - TRS Life Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2023	\$ -	\$ -	\$ -	\$ 11,228,500	0.00%
2022	\$ -	\$ -	\$ -	\$ 10,977,033	0.00%
2021	\$ -	\$ -	\$ -	\$ 12,248,574	0.00%
2020	\$ -	\$ -	\$ -	\$ 12,004,511	0.00%
2019	\$ -	\$ -	\$ -	\$ 12,092,278	0.00%
2018	\$ -	\$ -	\$ -	\$ 11,772,378	0.00%
2017	\$ -	\$ -	\$ -	\$ 11,715,920	0.00%

Changes Since Last Actuarial Valuation

Benefits

No changes

Assumptions

No changes

SUPPLEMENTARY INFORMATION

Mason County School District
Combining Balance Sheet – Nonmajor Funds
June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 143,872	\$ 399,458	\$ 39,683	\$ 388,223	\$ -	\$ 971,236
Accounts receivable	1,254	-	-	-	-	1,254
Total assets	\$ 145,126	\$ 399,458	\$ 39,683	\$ 388,223	\$ -	\$ 972,490
Liabilities						
Accounts payable	\$ -	\$ 13,052	\$ -	\$ -	\$ -	\$ 13,052
Unearned revenue	10,426	-	-	-	-	10,426
Total liabilities	10,426	13,052	-	-	-	23,478
Fund balances						
Restricted	\$ 75,035	\$ 386,406	\$ 39,683	\$ 388,223	\$ -	\$ 889,347
Unassigned	59,665	-	-	-	-	59,665
Total fund balances	134,700	386,406	39,683	388,223	-	949,012
Total liabilities and fund balances	\$ 145,126	\$ 399,458	\$ 39,683	\$ 388,223	\$ -	\$ 972,490

Mason County School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance – Nonmajor Funds
June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues						
From local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ 1,565,968	\$ -	\$ 1,565,968
Other local revenue	118,383	989,539	-	-	-	1,107,922
Intergovernmental - state SEEK	-	-	239,683	869,206	-	1,108,889
Intergovernmental - state on-behalf	-	-	-	-	2,022,436	2,022,436
Intergovernmental - state other	-	-	-	-	-	-
Total revenues	118,383	989,539	239,683	2,435,174	2,022,436	5,805,215
Expenditures						
Instruction	96,112	901,744	-	-	-	997,856
Support services:						
Student	-	1,283	-	-	-	1,283
Student transportation	225	29,023	-	-	-	29,248
Community services	479	-	-	-	-	479
Debt service	-	-	-	-	3,904,561	3,904,561
Total expenditures	96,816	932,050	-	-	3,904,561	4,933,427
Excess of revenues over (under) expenditures	21,567	57,489	239,683	2,435,174	(1,882,125)	871,788
Other financing sources (uses)						
Transfers in	-	-	-	-	1,882,125	1,882,125
Transfers out	-	-	(239,683)	(2,435,174)	-	(2,674,857)
Total other financing sources (uses)	-	-	(239,683)	(2,435,174)	1,882,125	(792,732)
Net change in fund balances	21,567	57,489	-	-	-	79,056
Fund balances - beginning	113,133	328,917	39,683	388,223	-	869,956
Fund balances - end of year	\$ 134,700	\$ 386,406	\$ 39,683	\$ 388,223	\$ -	\$ 949,012

Mason County School District
 Combining Statement of School Activity Funds
 June 30, 2023

	Fund Balance			Fund Balance
	July 1, 2022	Receipts	Expenditure	June 30, 2023
Mason County High School	\$ 274,510	\$ 844,744	\$ 800,101	\$ 319,153
Mason County Middle School	34,586	85,111	80,579	39,118
Mason County Intermediate School	9,498	30,019	23,054	16,463
Straub Elementary School	10,323	29,665	28,316	11,672
	<u>\$ 328,917</u>	<u>\$ 989,539</u>	<u>\$ 932,050</u>	<u>\$ 386,406</u>

Mason County School District
Statement of School Activity Funds
Mason County High School
June 30, 2023

Fund Name	Fund Balance			Fund Balance June 30, 2023
	July 1, 2022	Receipts	Expenditure	
10TH REGION BOYS BASKETBALL	\$ -	\$ 57,574	\$ 57,574	\$ -
10th REGION GIRLS BASKETBALL	-	23,254	23,254	-
12TH REGION GIRLS GOLF	-	1,641	1,034	607
38TH DISTRICT SOCCER	794	1,575	128	2,241
39TH DISTRICT BOYS BASKETBALL	-	35,680	35,680	-
ACADEMIC TEAM	16	314	287	43
ACT PREP	8	-	-	8
AG SHOP	182	-	-	182
AP EXAMS	-	5,269	3,926	1,343
ARCHERY	14,284	15,518	11,549	18,253
ARCHERY ELITE	1,754	-	-	1,754
ART CLUB	1,040	3,125	1,169	2,996
ATHLECTICS-UNIFORMS	10,496	10,496	-	20,992
ATHLETICS	53,126	105,472	132,441	26,157
BAND	7,938	60,139	52,650	15,427
BASEBALL	9,807	30,285	34,292	5,800
BASEBALL 39TH DISTRICT	424	-	-	424
BETA CLUB	663	820	55	1,428
BIOMEDICAL	69	129	-	198
BOOK CLUB	-	25	-	25
BOYS BASKETBALL	10,737	23,315	24,199	9,853
BOYS GOLF	-	8,088	3,800	4,288
BOYS SOCCER	2,583	5,064	843	6,804
CAFÉ ROYALE	-	2,175	2,033	142
CHEERLEADING	3,249	5,309	4,501	4,057
CLASS OF 2022	289	-	-	289
CLASS OF 2023	357	-	-	357
CLASS OF 2024	2,583	20,953	18,014	5,522
CLASS OF 2025	-	481	70	411
CONCESSIONS B/G BB	500	54,610	54,610	500
CONCESSIONS FB/SC	500	-	-	500
CROSS COUNTRY	4,119	12,667	12,945	3,841
DANCE TEAM	308	-	-	308
DISTRICT COMBINE	888	1,025	1,127	786
ENVIROTHON TEAM	364	1,359	363	1,360
EUROPE 2024	360	-	360	-

Mason County School District
Statement of School Activity Funds
Mason County High School - Continued
June 30, 2023

Fund Name	Fund Balance			Fund Balance June 30, 2023
	July 1, 2022	Receipts	Expenditure	
FBLA	2,144	18,193	14,567	5,770
FCCLA	1,217	40,385	40,970	632
FCCLA-REGION 9	39	1,385	2,124	(700)
FFA GREENHOUSE	9,921	10,395	1,723	18,593
FLOOR PROJECT	80	-	-	80
FOOTBALL	9,144	17,597	26,658	83
FOOTBALL CAPITAL	9	-	-	9
FUTURE FARMERS OF AMERICA	10,957	40,472	40,964	10,465
GENERAL	3,312	17,782	14,227	6,867
GIRLS BASKETBALL	2,989	20,671	14,079	9,581
GIRLS GOLF	2,524	3,285	3,312	2,497
GIRLS GOLF TOURNAMENT	450	-	-	450
GIRLS REGIONAL	100	-	-	100
GOLD BOYS	3,703	-	-	3,703
HIKING CLUB	61	-	-	61
HOSA	1,432	4,199	4,795	836
INTEREST	823	-	-	823
IPAD HELP DESK STLP	597	-	399	198
KNIGHTS FB	6,613	5,450	2,466	9,597
LIBRARY	584	1,127	1,243	468
MCHS DEBATE TEAM	-	1,244	750	494
MCHS ROBOTICS	5	-	-	5
MUSIC CHOIR	105	1,552	232	1,425
MUSIC CHORALE TRAVEL	310	-	-	310
MUSIC ORCHESTRA	2,249	16,565	12,277	6,537
MUSIC PATRONS & BOOSTERS	7,372	2,379	3,000	6,751
MUSIC PRODUCTION	20,831	28,591	31,320	18,102
MUSIC SCHOLARSHIP	3,322	1,380	1,225	3,477
MUSIC TRAVEL	2,725	-	-	2,725
MUSIC TUX & DRESS	2,837	1,538	554	3,821
NATIONAL HONOR SOCIETY	706	75	150	631
PEE WEE BASKETBALL	125	-	-	125
PHYSICS AND AVIATION	514	-	-	514
PRACTICAL LIVING	1	5,700	4,963	738
PROJECT GRADUATION	-	3,875	3,737	138
PSAT	559	37	-	596

Mason County School District
Statement of School Activity Funds
Mason County High School - Continued
June 30, 2023

Fund Name	Fund Balance July 1, 2022	Receipts	Expenditure	Fund Balance June 30, 2023
RED CROSS	242	-	-	242
ROTC	2,420	7,510	6,316	3,614
GIRLS SOCCER	2,690	3,896	2,579	4,007
SOFTBALL	11,978	19,335	20,511	10,802
SPANISH CLUB	24	-	96	(72)
SPECIAL ED	2,752	-	-	2,752
SPECIAL ED FIELD TRIPS	9	-	-	9
SPECIAL NEEDS STUDENTS	353	3,193	3,330	216
STAFF VENDING	2,014	-	-	2,014
STLP	262	-	-	262
STUDENT ACTIVITIES	5,515	-	4,861	654
STUDENT COUNCIL	113	987	855	245
STUDENT Y CLUB	1	-	-	1
SWIM TEAM	317	2,817	1,158	1,976
TECH ED	797	5,134	886	5,045
TENNIS	1,555	2,975	1,898	2,632
TRACK & FIELD	6,279	51,816	41,026	17,069
TSA	75	-	378	(303)
VOLLEYBALL	1,427	4,958	3,656	2,729
WATERSHED MGT PROJECT	1,289	-	116	1,173
WEIGHT ROOM	4,502	-	-	4,502
WRESTLING	1,046	3,951	1,497	3,500
Y CLUB	-	5,038	4,706	332
YEARBOOK	3,052	2,895	3,593	2,354
	\$ 274,510	\$ 844,744	\$ 800,101	\$ 319,153

Mason County School District
 Schedule of Expenditures of Federal Awards
 June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Clust</u>	<u>Federal Assistance Listing</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditure for FYE 6/30/2023</u>	
U.S. Department of Education				
<i>Passed through Kentucky Department of Education</i>				
Special Education Cluster (IDEA)				
<i>Special Education Grants to States (IDEA, Part B)</i>	84.027	3810002 20	\$ 25,763	
	84.020	3810002 21	48,888	
	84.027	3810002 22	427,187	
	84.027	4910002 21	<u>25,632</u>	\$ 527,470
<i>Special Education Preschool Grants (IDEA, Preschool</i>	84.173	3800002 21	3,070	
	84.173	3800002 22	<u>65,615</u>	68,685
Title I Grants to Local Educational Agencies	84.010	3100002 21		
	84.010	3100002 22	<u>939,786</u>	939,786
Student Support and Academic Enrichment	84.424	3230002 20	<u>81,235</u>	81,235
Supporting Effective Instruction State Grants	84.367	3140002 22	<u>195,559</u>	195,559
Perkins Vocational Education	84.048	3710002 21	856	
	84.048	3710002 22	<u>41,811</u>	42,667
Vocational Rehabilitation Grants to States	84.126		<u>5,849</u>	5,849
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	4200002 21	52,494	
	84.425D	4200003 21	143,151	
	84.425U	4300002 21	<u>3,045,468</u>	3,241,113
Total U.S Department of Education				<u>5,102,364</u>

Mason County School District
 Schedule of Expenditures of Federal Awards
 June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Clust</u>	<u>Federal Assistance Listing</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditure for FYE 6/30/2023</u>	
U.S Department of Labor				
<i>Passed through Buffalo Trace Area Development District</i>				
WIOA Youth Activities	17.259		<u>30,395</u>	30,395
Total U.S. Department of Labor				<u>30,395</u>
U.S. Department of Agriculture				
<i>Passed through Kentucky Department of Education</i>				
Child Nutrition Cluster				
<i>School Breakfast Program</i>				
	10.553	7750002 22	171,607	
	10.553	7760005 23	559,898	
<i>National School Lunch Program</i>				
	10.555	7750002 22	196,678	
	10.555	7750002 23	1,251,934	
	10.555	9980000 22	66,498	
	10.555	9980000 23	31,760	
<i>Commodities</i>	10.555	Commodities	<u>100,177</u>	2,378,552
State Administrative Expenses for Child Nutrition	10 560	7990000 23	<u>1,573</u>	1,573
Emergency Food Assistance Program				
	10.568	7790021 23	14,073	
	10.568	7800016 23	<u>1,002</u>	15,075
State Pandemic EBT Adminstrative Costs Grant	10.649	9990000 22	<u>3,135</u>	3,135
Total U.S. Department of Agriculture				<u>2,398,335</u>
Total Expenditures of Federal Awards				<u>\$ 7,531,094</u>

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Mason County School District (District) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: SUBRECIPIENTS

The District did not provide federal funds to subrecipients for the year ended June 30, 2023.

NOTE 5: COMMODITIES

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

NOTE 6: FEDERAL AWARDS RECONCILIATION

Federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 5,378,703
Federal grants reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	2,298,158
Donated commodities reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	100,177
Total federal awards	<u>7,777,038</u>
Less Medicaid reimbursement	<u>(245,944)</u>
Schedule of expenditures of federal awards	<u><u>\$ 7,531,094</u></u>



Kentucky State Committee for School District Audits
Members of the Board of Education
Mason County School District
Maysville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Mason County School District (District) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District basic financial statements and have issued our report thereon dated November 7, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 7, 2023.

Purpose of this Report

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 7, 2023

Kentucky State Committee for School District Audits
Members of the Board of Education
Mason County School District
Maysville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Mason County School District's (District) 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 the District's major federal programs for the year ended June 30, 2023. The 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, the 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 programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities of 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 the District's federal programs.

Auditor's Responsibilities

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 the 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 not 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 the 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*, the Uniform Guidance and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, 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 the 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 the 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 7, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

Type of report the auditor issued on compliance with major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?

 Yes X None reported

Identification of Major Programs

ALN	Name of Federal Program or Cluster
-----	------------------------------------

84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)
---------	--

84.425U	COVID-19 American Rescue Plan (ARP) ESSER
---------	---

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee

 Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

NO PRIOR FINDINGS

Mason County School District
Management Letter
June 30, 2023

Kentucky State Committee for School District Audits
Members of the Board of Education
Mason County School District
Maysville, Kentucky

In planning and performing our audit of the financial statements of Mason County School District (District) for the year ended June 30, 2023, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that our opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 7, 2023 contains our report on the District's internal control. This letter does not affect our report dated November 7, 2023 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendation with various District personnel, and we will be pleased to discuss them in further detail at our convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

Maddox & Associates CPAs Inc.
November 7, 2023

Mason County High School

2023-01. Several student organizations/clubs had no activity during the fiscal year and, therefore, are considered inactive. Accounting Procedures for Kentucky School Activity Funds (Redbook) requires these accounts to be closed and transferred to the organization designated by the inactive account sponsor or transferred to the general activity fund if no designation is made.

2023-02. Three student organizations/clubs ended the year with negative balances. Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the general activity account to cover the deficit by June 30.

Mason County Middle School

2023-03. During our testing of school activity fund disbursements, we noted instances of disbursements that did not have the sponsor's signature. *Accounting Procedures for Kentucky School Activity Funds* (Redbook) sets accounting guidelines for sponsor approval of disbursements.

2023-04. During our testing of school activity fund disbursements, we noted instances of disbursements that did not have sufficient supporting documentation. Disbursements must have sufficient documentation to support the expenditure.

District Response

Redbook procedures will be reviewed with the appropriate staff.

Prior Year Comments

Comment 2022-01 was not repeated in the current year.

APPENDIX D

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

STATEMENT OF INDEBTEDNESS

STATEMENT OF INDEBTEDNESS
KY CONST. §§ 157 and 158
KRS § 66.041

Dated October 30, 2024

Re: \$2,385,000 Mason County School District General Obligation Bonds, Series 2024A, dated October 30, 2024

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF KENTON)

The undersigned, as the Treasurer of the Board of Education of the Kenton County School District (the "District"), does hereby certify that the following statements concerning the financial condition of the District are true and correct, as they appear from records of the District:

1. The assessed valuation of taxable property in the District as estimated on the last certified assessment is \$1,540,917,967
2. The current population of the District is
3. The total of all bonds, notes, and other obligations issued by the District and currently outstanding, including the present Bonds of \$2,385,000 \$54,660,000
4. The bonds, notes, and other obligations of the District excluded from the calculation of net indebtedness are as follows:
 - (a) Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations \$0
 - (b) Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year \$0
 - (c) Obligations, which are not self-supporting obligations, issued after July 15, 1996, by an instrumentality of the District created to finance public projects, for which there has been no pledge to the payment of debt charges of any tax of the District or for which there is no covenant by the District to collect or levy a tax to pay debt charges \$0
 - (d) Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the District or for which there is no covenant by the District to collect or levy a tax to pay debt charges \$52,275,000
 - (e) Obligations issued to pay the costs of public projects, to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year \$0

(f) Leases entered into under KRS Sections 65.940 through 65.956 after July 15, 1996 which are not tax-supported leases	\$0
(g) Bonds issued in the case of an emergency, when the public health or safety should so require	\$0
(h) Bonds issued to fund a floating indebtedness	<u> </u> \$0
TOTAL EXEMPT OBLIGATIONS	\$55,001,271
5. Total amount of bonds, notes, and other obligations of the District subject to the debt limitation set forth in KRS Section 66.041 (Line 3 minus Line 4) is	\$2,385,000
6. The total amount of all bonds, notes, and other obligations of the District that are subject to the debt limitation set forth in KRS Section 66.041, as computed in Line 5 above, does not exceed 2% of the assessed valuation of all of the taxable property in the District. ^{**}	
7. The current tax rate of the District, for school purposes, upon the value of its taxable property is \$0.55 per \$100 of assessed valuation for real property and \$0.553 per \$100 of assessed valuation for tangible property, which does not exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.	
8. The issuance of the bonds, notes, or other obligations set forth in Line 3 hereof will not cause the tax rate set forth in Paragraph 7 hereof to increase in an amount which would exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.	

[Signature page to follow]

^{**} In accordance with KRS Section 66.041, a city, county, urban-county, consolidated local government, charter county, or taxing district shall not incur net indebtedness to an amount exceeding the following maximum percentages on the value of taxable property within the city, county, urban-county, consolidated local government, charter county, or taxing district, as estimated by the last certified assessment previous to the incurring of the indebtedness:

- (a) Cities, urban-counties, consolidated local governments, and charter counties having a population of 15,000 or more, 10%;
- (b) Cities, urban-counties, and charter counties having a population of less than 15,000 but not less than 3,000, 5%;
- (c) Cities, urban-counties, and charter counties having a population of less than 3,000, 3%; and
- (d) Counties and taxing districts, 2%.

APPENDIX E

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

October 30, 2024

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issue of \$[Final Par] General Obligation Bonds, Series 2024B (the “Bonds”) of the Mason County School District (the “District”), dated October 30, 2024, numbered R-1 upward, and of denominations of \$5,000 or any integral multiple thereof. The Bonds mature, bear interest, and are subject to optional redemption upon the terms set forth therein. We have also examined a specimen Bonds.

Based upon this examination, we are of the opinion, based upon the laws, regulations, rulings, and decisions in effect on the date hereof, that:

1. The Bonds constitute valid obligations of the District in accordance with their terms, which, unless paid from other sources, are payable from taxes to be levied by the District, without limitation as to rate.

2. In accordance with the laws, regulations, rulings, and judicial decisions in effect on the date hereof, interest on the Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the Bonds will not be treated as a specific item of tax preference in computing the federal alternative minimum tax imposed on individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

3. The interest on the Bonds is not subject to income taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or any political subdivision thereof.

The District has designated the Bonds as “qualified tax-exempt obligations” with respect to investments by certain financial institutions under Section 265 of the Code.

In rendering this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by officials of the District and others contained in the transcript for the Bonds; which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and any other laws in effect from time to time affecting creditors’ rights generally, and to the exercise of judicial discretion.

Very truly yours,

APPENDIX F

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

Relating to:

\$2,385,000*

MASON COUNTY SCHOOL DISTRICT

GENERAL OBLIGATION BONDS, SERIES 2024B

Dated as of: October 30, 2024

This CONTINUING DISCLOSURE CERTIFICATE (this "Certificate") is executed and delivered as of October 30, 2024, by the Mason County School District (the "Issuer"), in connection with the issuance and delivery of its \$[Final Par] Mason County School District, Series 2024B (the "Obligations"). The Obligations are being issued under and in accordance with a resolution adopted by the Board of Education of the Issuer on September 9, 2024 (the "Authorizing Legislation"). The Issuer hereby certifies, covenants, and agrees as follows:

Section 1. Purpose of the Certificate.

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

Section 2. Definitions; Scope of this Certificate.

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

"Annual Financial Information" means a copy of the annual comprehensive financial report prepared for the Issuer, which shall include, if prepared, a balance sheet, a statement of revenues and expenditures, and a statement of changes in fund balances, generally consistent with the information set forth in Appendix [] of the Offering Document. All of such Annual Financial Information shall be prepared using generally accepted accounting principles as applied to governmental units; provided, however, that the Issuer may change the accounting principles used to prepare such Annual Financial Information so long as the Issuer includes, as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change, and explaining how to compare the financial information provided by the differing accounting principles. Any of the items listed above may be set forth in other documents which have been transmitted to the MSRB, including Offering Documents of debt issues of the Issuer or any related public entities, or may be included by specific reference to any documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

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

"Event," with respect to the Obligations, means any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on any debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on any credit enhancements, reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

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

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

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

(ix) Defeasances;

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

(xi) Rating changes;

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

(xiii) The consummation of any merger, consolidation, or other acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into any definitive agreement to undertake any of such actions, or the termination of any definitive agreement relating to any such actions, other than in accordance with its terms, if material;

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

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

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

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

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

"Holders" means any holder or Beneficial Owner of the Obligations.

"MSRB" means the Municipal Securities Rulemaking Board.

"Offering Document" means the Official Statement dated October 9, 2024.

"Operating Data" means an update of the operating data of the Issuer, limited to the information set forth under the following headings (or their functional equivalents) of Appendix [] of the Offering Document - "Assessed Value of Property," "Historical Tax Rates," "Tax Collection History," "Top Ten Taxpayers," "Attendance," and "SEEK Report."

"Participating Underwriter" means any of the original underwriters of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

"SEC" means the Securities and Exchange Commission.

Section 3. Disclosure of Information.

(A) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, public the information set forth in subsections (i), (ii), and (iii) below:

(i) Annual Financial Information and Operating Data. The Annual Financial Information and Operating Data of the Issuer, at least annually, on or before 270 days after the end of each fiscal year ending June 30, commencing with the fiscal year ended June 30, 2024, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information and Operating Data to the Disclosure Agent no later than fifteen Business Days before the disclosure date set forth above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the other Annual Financial Information.

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

(iii) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of the Issuer to provide the Annual Financial Information or Operating Data by the disclosure date required by subsection (A)(ii) of this Section.

(B) Dates Information is to be Provided to the Public. The Annual Financial Information and Operating Data of the Issuer and, subject to the timing requirement set forth in subsection (A)(ii) of this Section, notices of Event occurrences shall be made public on the same day as notice thereof is given to the Holders of the outstanding Obligations, if such notice is required in accordance with the terms of the Authorizing Legislation or the Obligations, and such information shall not be made public before the date of any such notice.

(C) Means of Making Information Public.

(i) Information shall be deemed to have been made public by either the Issuer or the Disclosure Agent under this Certificate if such information is transmitted as provided in subsection (C)(ii) of this Section, by the following means:

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

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

(c) to the SEC, by (1) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (2) first class mail, postage prepaid; provided, however, that the Issuer and the Disclosure Agent are authorized to transmit information to the SEC by any means that are mutually acceptable to the Issuer or the Disclosure Agent, as the case may be, and the SEC.

(ii) The following information shall be transmitted to the following parties:

(a) All information required to be provided to the public in accordance with subsection (A) of this Section shall also be transmitted to the MSRB.

(b) All information required to be provided to the public in accordance with subsection (A) of this Section shall also be made available, upon request therefor, to any Holders of the Obligations, but need not be transmitted to the Holders of the Obligations who do not so request.

(iii) To the extent the Issuer is obligated to file any Annual Financial Information and Operating Data with the MSRB under this Certificate, such Annual Financial Information and Operating Data may be set forth in a document or a set of documents transmitted to the MSRB or may be included by specific reference to any documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system or filed with the SEC.

(iv) The Issuer or the Disclosure Agent may require payment from the Holders of the Obligations in connection with any request from a Holder for any periodic information regarding the finances or operational data of the Issuer or for any information regarding the occurrence of an Event, as provided by subsection (C)(ii)(b) of this Section, by charging any Holder which makes such a request for (1) the reasonable costs incurred by the Issuer or the Disclosure Agent in duplicating and transmitting the requested information to such Holder, and (2) the reasonable administrative expenses incurred by the Issuer or the Disclosure Agent in providing the requested information to such Holder.

Section 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate to the contrary, the Issuer may amend this Certificate and waive any provision hereof, so long as such amendment or waiver is supported by an opinion of nationally recognized bond counsel with expertise in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause any of the undertakings set forth herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in the Rule or in the official interpretation thereof, as well as any change in circumstance.

Section 5. Miscellaneous.

(A) Termination of Certificate. The obligations of the Issuer and the Disclosure Agent, if any, under this Certificate shall terminate when all of the Obligations are, or are deemed to be, no longer outstanding by reason of the redemption or legal defeasance of the Obligations or upon the maturity thereof.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (i) disseminating any other information using the means of dissemination set forth herein or by any other means of communication, or (ii) including any other information, in addition to the information that is required by this Certificate, in any Annual Financial Information, Operating Data, or notice of the occurrence of an Event

provided hereunder. If the Issuer chooses to include any other information in any Annual Financial Information, Operating Data, or notice of the occurrence of an Event in addition to that which is specifically required under this Certificate, the Issuer shall have no obligation hereunder to update any such additional information or to include it in any future Annual Financial Information, Operating Data, or notice of the occurrence of an Event provided under this Certificate.

(C) Defaults; Remedies. If the Issuer or the Disclosure Agent fails to comply with any of the provisions of this Certificate, any Holder of the Obligations may take any such action as may be necessary and appropriate, including seeking an action in mandamus or for specific performance, to cause the Issuer or the Disclosure Agent, as the case may be, to comply with its respective obligations hereunder. Any default under this Certificate shall not constitute a default on the Obligations, and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely and only to the benefit of the Issuer, the Disclosure Agent, if any, the Participating Underwriter, and the Holders or Beneficial Owners of the Obligations and shall create no rights in any other person or entity.

Section 6. Additional Disclosure Obligations.

The Issuer hereby acknowledges and understands that other state and federal laws, including, but not limited to, the Securities Act of 1933, the Securities Exchange Act of 1934, and Rule 10b 5 promulgated thereunder, may apply to the Issuer and that, under some circumstances, compliance with this Certificate, without additional disclosures or other action, may not fully discharge all of the duties and obligations of the Issuer under such laws.

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

**MASON COUNTY SCHOOL DISTRICT,
Issuer**

By: _____
President

Attest:

Secretary

**BOARD OF EDUCATION OF MASON
COUNTY SCHOOL DISTRICT**

By: _____
Chairperson

Attest:

Secretary

APPENDIX G

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity date of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities 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 under 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 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of any sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between the 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 is the holding company for DTC, the National Securities Clearing Corporation, and the Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners of the Bonds will not receive written confirmation from DTC of their purchase. Beneficial Owners of the Bonds are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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 any notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants or Indirect Participants to Beneficial Owners of the Bonds 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 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 within an issue 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 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails

an Omnibus Proxy to the City 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 (as identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 City or the Paying Agent, on the payable date in accordance with their respective holdings, as shown on DTC's records. Payments by Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, 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 the securities depository with respect to the Bonds at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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

APPENDIX H

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$2,385,000*

**Mason County School District
General Obligation Bonds, Series 2024B**

Notice is hereby given that electronic bids will be received by the Board of Education of the Mason County School District (the "District"), until 11:30 a.m., E.S.T. on October 9, 2024, at the office of the District at P.O. Box 130, Maysville, Kentucky 41056, receive sealed competitive bids for the bonds described herein (the "Bonds"). To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Secretary at the address indicated on the date of sale no later than the hour indicated. Bids will be opened by the Secretary and may be accepted without further action by the District's Board of Education.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The Bonds are authorized by Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, and Section 160.160 of the Kentucky Revised Statutes, as amended, and are being issued under and in accordance with a Bond Resolution adopted by the Board of Education of the District on September 9, 2024 (the "Bond Resolution"). The Bonds are general obligation bonds and constitute a direct indebtedness of the District. The Bonds are secured by the District's ability to levy, and its pledge to levy, an ad valorem tax on all property within the District in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purposes of (i) financing all or a portion of the costs of to acquiring, constructing, renovating, equipping, and installing a new softball field and other capital improvements (collectively, the "Project"); (ii) paying capitalized interest on the Bonds, if desirable; (iii) paying all or a portion of the costs of credit enhancement for the Bonds, if any; and (iv) paying all or a portion of the costs of issuance of the Bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds shall be dated their date of initial issuance and delivery and shall bear interest at the rates set forth on the cover page hereof, payable semiannually on April 1 and October 1, beginning April 1, 2025. The Bonds are scheduled to mature on October 1, in each of the years as follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
October 1, 2025	\$80,000	October 1, 2035	\$120,000
October 1, 2026	\$80,000	October 1, 2036	\$125,000
October 1, 2027	\$85,000	October 1, 2037	\$130,000
October 1, 2028	\$90,000	October 1, 2038	\$135,000
October 1, 2029	\$90,000	October 1, 2039	\$140,000
October 1, 2030	\$95,000	October 1, 2040	\$145,000
October 1, 2031	\$100,000	October 1, 2041	\$150,000
October 1, 2032	\$105,000	October 1, 2042	\$155,000
October 1, 2033	\$110,000	October 1, 2043	\$165,000
October 1, 2034	\$115,000	October 1, 2044	\$170,000

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

The Bonds maturing on and after October 1, 2033 are subject to optional redemption on any date on and after October 1, 2032, in whole or in part, in such order of maturity as shall be designated in writing by the District and by lot within a maturity, at the election of the District upon thirty-five days' written notice to Old National Bank, Evansville, Indiana, as Paying Agent and Bond Registrar for the Bonds (the "Paying Agent and Bond Registrar") at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

At least thirty days before the redemption date of any Bonds, the Paying Agent and Bond Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Bond Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Bond Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

Bid Form. Bids shall be for the entire issue and shall be made on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the lowest and best bid.

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

Award; Adjustment. The determination of the best purchase bid for each of the Bonds will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds, as set forth in the Official Bid Form, for exactly \$[Par] principal amount of Bonds offered for sale hereunder. Upon determination of the lowest true interest rate, the principal amounts of the Bonds shall be immediately adjusted by the District to determine the maturities of the final bond issue. The successful bidder will be required to accept the Bonds in the amounts so computed, whether the principal amount has been increased by up to ten percent (10%) or decreased in an amount deemed by the District to be in its best interest (the "Permitted Adjustment") and to pay the purchase price based upon the aggregate amount of the final issue.

The District also has the right to adjust individual principal maturity amounts, even if the total amount of the Bonds does not change, in order to promote desired annual debt service levels. In the event that the principal amount of any maturity of the Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter's Discount of the Bonds, as submitted by the successful bidder, will be held constant. The Underwriter's Discount is defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be offered to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

Good Faith Deposit. The successful purchaser shall be required (without further advice from the District) to wire transfer an amount equal to 2% of the par amount of the Bonds to the Paying Agent Bank by the close of business of the day following the award as a good faith deposit. Said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

Interest Rates. Bidders must stipulate an interest rate or rates in multiples of 1/8, 1/10 or 1/20 of 1%. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate, but ascending coupons are not required. There is no limit on the number of different interest rates. Interest rates may not exceed 5% per annum.

Submission of Bids. Each bid on the Official Bid Form shall be placed in a sealed envelope addressed to the District, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the "Mason County School District General Obligation Bonds, Series 2024B." No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of the District before the time set forth at the beginning of these Official Terms.

Notice is hereby given that electronic proposals will be received via BiDCOMP™/PARITY™, in the manner described below, until 11:30 a.m., E.S.T., on October 9, 2024. Bids may be submitted electronically via BiDCOMP™/PARITY™ pursuant to these Official Terms until 11:30 a.m., E.S.T., but no bid received after the time for receiving bids above. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™

conflict with these Official Terms, the terms of these Official Terms shall control. For further information about BiDCOMP™/PARITY™, potential bidders may contact the Independent Registered Municipal Advisor or BiDCOMP™/PARITY™ at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: (800) 850-7422.

Term Bond Option. The purchaser of the Bonds may specify to the District that any of the Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

Bond Insurance. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Bonds, the District agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the District shall not be liable to any extent therefor.

DTC. The successful bidder may likewise elect to notify the Independent Registered Municipal Advisor within twenty-four hours of the award that standard bond certificates be issued. If no such election is made, the Bonds will be delivered using the book-entry only system administered by The Depository Trust Company.

Acceptance of Bid. The District will accept a bid or reject all bids on the date stated at the beginning of this Official Terms and Conditions of Bond Sale.

Right to Reject. The right to reject bids for any reason deemed advisable by the Board of Education of the District and the right to waive any possible informalities or irregularities in any bid which in the judgment of the District shall be minor or immaterial is expressly reserved.

Official Statement. The District will provide the successful purchaser with a Final Official Statement, in accordance with Securities and Exchange Commission Rule 15c2-12, as amended. The Final Official Statement will be provided in electronic form to the successful bidders, in sufficient time to meet the delivery requirements of the SEC and the Municipal Securities Rulemaking Board. The successful bidders will be required to pay for the printing of Final Official Statements.

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

Rights Reserved. The District reserves the right to reject any and all bids, to waive any informality in any bid or, upon 24 hours advance notice before the sale date given through the BiDCOMP™/PARITY™ system, to postpone the sale date of the Bonds. The District 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 of the Bonds not being subject to federal income taxation nor being subject to Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidders, all in accordance with the final approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, which opinion will be qualified in accordance with the section hereof entitled TAX TREATMENT.

Independent Registered Municipal Advisor. Bidders are advised that RSA Advisors, LLC, Lexington, Kentucky has been employed as an Independent Registered Municipal Advisor in connection with the issuance of the Bonds. Its fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.

Purchaser Certification. The winning bidder for the Bonds shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1 or Exhibit A-2, as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District

under these Official Terms and Conditions of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Independent Registered Municipal Advisor identified herein and any notice or report to be provided to the District shall be provided to the District's Independent Registered Municipal Advisor.

The District intends that the provisions of Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series Bonds) will apply to the initial sale of each of the Bonds (the "competitive sale requirements") because:

- (1) the District shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid submitted pursuant to this these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

If the competitive sale requirements are not satisfied, the District shall so advise the applicable winning bidder. The District will treat the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation in the event that the District determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the Bonds shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District, and Bond Counsel.

The District acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires; (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each

underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the District will agree, pursuant to a Continuing Disclosure Undertaking to be dated as of the date of issuance and delivery of the Bonds (the "Disclosure Undertaking"), to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements and additional information consistent with the information contained under the following headings of Appendix [] of the Official Statement - "Assessed Value of Property," "Historical Tax Rates," "Tax Collection History," "Top Ten Taxpayers," "Attendance," and "SEEK Report." The Annual Financial Information shall be provided on or before 270 days after the end of each fiscal year ending June 30, commencing with the fiscal year ending June 30, 2024; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the District;

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

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership, or similar event of the District (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

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

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

(o) Incurrence of a material financial obligation by the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(iii) in a timely manner, to the MSRB through EMMA, notice of any failure (of which the District has knowledge) of the District to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the District to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Bond Resolution. The Disclosure Undertaking may be amended or terminated under certain circumstances in accordance with the Rule, as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

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

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

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

(d) there is no property securing the repayment of the Bonds.

The District intends to file all future Annual Financial Information within the time requirements specified in the Disclosure Undertaking and has adopted policies and procedures to ensure the timely filing thereof including retaining Dinsmore & Shohl LLP, to serve as disclosure agent to the District. The District's policies and procedures are available to public upon request.

TAX TREATMENT

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds will be excludible from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, Bond Counsel is of the opinion that interest on the Bonds is exempt from income taxation and that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

A copy of the opinion of Bond Counsel for the Bonds is set forth in Appendix [] to the Official Statement.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion of interest on obligations such as the Bonds from gross income for federal income tax purposes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

APPENDIX I

**Mason County (Kentucky) School District
General Obligation Bonds,
Series 2024B**

Official Bid Form

OFFICIAL BID FORM

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

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$[Par]* of General Obligation Bonds, Series 2024B (the "Bonds"), dated their date of initial issuance and delivery offered for sale by the Mason County School District (the "District") in accordance with the Preliminary Official Statement dated [October __, 2024] and the Notice of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$[Par]* principal amount of the Bonds, the total sum of \$_____ (not less than \$_____) at the following annual rate(s), payable semiannually (rates of any maturity may be less than any preceding maturity, number of interest rates unlimited):

<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>
October 1, 2025	\$80,000	_____ %	October 1, 2035	\$120,000	_____ %
October 1, 2026	\$80,000	_____ %	October 1, 2036	\$125,000	_____ %
October 1, 2027	\$85,000	_____ %	October 1, 2037	\$130,000	_____ %
October 1, 2028	\$90,000	_____ %	October 1, 2038	\$135,000	_____ %
October 1, 2029	\$90,000	_____ %	October 1, 2039	\$140,000	_____ %
October 1, 2030	\$95,000	_____ %	October 1, 2040	\$145,000	_____ %
October 1, 2031	\$100,000	_____ %	October 1, 2041	\$150,000	_____ %
October 1, 2032	\$105,000	_____ %	October 1, 2042	\$155,000	_____ %
October 1, 2033	\$110,000	_____ %	October 1, 2043	\$165,000	_____ %
October 1, 2034	\$115,000	_____ %	October 1, 2044	\$170,000	_____ %

*Preliminary, subject to change.

The Bonds maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____. The Bonds maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

Bids may be submitted electronically via BiDCOMP™/PARITY™ pursuant to this Notice until the appointed date and time, but no bid will be received after such time. Notwithstanding the foregoing, completed bid forms may be submitted until the appointed date and time (i) in a sealed envelope marked "Official Bid for Bonds" or (ii) by facsimile transmission, in each case delivered to the office of the District at P.O. Box 130, Maysville, Kentucky 41056. Neither the District nor the Independent Registered Municipal Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone.

We understand this bid may be accepted with variations in maturing amounts at the same price per \$1,000 of Bonds, with the variation in such amount occurring in any maturity of all maturities, such variations to be determined by the District at the time of acceptance of the best bid.

It is understood that the District will furnish the final, approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, Covington, Kentucky.

No certified or bank cashier's check will be required to accompany the bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the day following the award. The good faith amount will be applied (without interest) to the purchase price when the Bonds are tendered for delivery.

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

Respectfully submitted,

Bidder

Address

Signature

Total interest cost: Date of Delivery (estimated to be October 30, 2024) to Final Maturity \$ _____

(Less Premium) or Plus Discount, if any \$ _____

Aggregate interest cost \$ _____

True interest cost (i.e. TIC) _____ %

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

Accepted by the Chair of the Board of Education of the Mason County School District for \$ _____ principal amount of Bonds at the price of \$ _____ as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
October 1, 2025	\$ _____	_____ %	October 1, 2035	\$ _____	_____ %
October 1, 2026	\$ _____	_____ %	October 1, 2036	\$ _____	_____ %
October 1, 2027	\$ _____	_____ %	October 1, 2037	\$ _____	_____ %
October 1, 2028	\$ _____	_____ %	October 1, 2038	\$ _____	_____ %
October 1, 2029	\$ _____	_____ %	October 1, 2039	\$ _____	_____ %
October 1, 2030	\$ _____	_____ %	October 1, 2040	\$ _____	_____ %
October 1, 2031	\$ _____	_____ %	October 1, 2041	\$ _____	_____ %
October 1, 2032	\$ _____	_____ %	October 1, 2042	\$ _____	_____ %
October 1, 2033	\$ _____	_____ %	October 1, 2043	\$ _____	_____ %
October 1, 2034	\$ _____	_____ %	October 1, 2044	\$ _____	_____ %

Dated: October 9, 2024

Chair, Board of Education
Mason County School District

