

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2025

**Book-Entry Only
New Issue – Bank Qualified**

**Rating: “ ” Moody’s (Enhanced)
See “RATING” herein**

In the opinion of Bond Counsel for the Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Board, 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.



\$5,435,000*
**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

Dated: Date of Issuance

Due: February 1, as shown below

Interest on the above-captioned Bonds (the “Bonds”) will be payable from their dated date, on each March 1 and September 1, commencing September 1, 2025, and the Bonds mature on each March 1, as shown below:

Maturing 1-Mar	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Mar	Amount*	Interest Rate	Reoffering Yield	CUSIP
2026	\$55,000	%	%		2036	\$75,000	%	%	
2027	\$55,000	%	%		2037	\$75,000	%	%	
2028	\$55,000	%	%		2038	\$120,000	%	%	
2029	\$60,000	%	%		2039	\$175,000	%	%	
2030	\$60,000	%	%		2040	\$660,000	%	%	
2031	\$60,000	%	%		2041	\$685,000	%	%	
2032	\$65,000	%	%		2042	\$715,000	%	%	
2033	\$65,000	%	%		2043	\$740,000	%	%	
2034	\$70,000	%	%		2044	\$770,000	%	%	
2035	\$70,000	%	%		2045	\$805,000	%	%	

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 U.S. Bank Trust Company, National Association, Louisville, Kentucky, 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 Board 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 Steptoe & Johnson PLLC, Louisville, Kentucky, as Bond Counsel. The Bonds are expected to be available for delivery on or about March 5, 2025.



* Preliminary, subject to change.

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.

WEBSTER COUNTY BOARD OF EDUCATION

Tim McCormick,
Chair

Venita Murphy,
Vice-Chair

Amanda Coomes,
Member

Melony Hobgood,
Member

David Asher,
Member

Aaron Harrell,
Superintendent

Brandi Burnett,
Treasurer

BOND COUNSEL

Step toe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

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

REGARDING THE 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 Board identified on the cover page hereof. No dealer, broker, salesman, or other person has been authorized by The Board or the 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 Board 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 Board or the District since the date hereof.

Upon their issuance, the Bonds will not be registered by the Board 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 Board, 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 Board prior to the sale of the Bonds should be regarded as part of the Board'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 "Board" means the Board of Education of Webster County, Kentucky, "District" means the Webster County (Kentucky) School District, and "Commonwealth" or "Kentucky" means the Commonwealth of Kentucky.

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\$5,435,000*
BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025

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 \$5,435,000* aggregate principal amount of General Obligation Bonds, Series 2025 (the “Bonds”) of the Board of Education of Webster County, Kentucky, 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 Board of Education of Webster County, Kentucky (“Board), as governing body of the Webster County (Kentucky) School District (the “District”), a school district and political subdivision of the Commonwealth of Kentucky. The District is located in Webster 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 on January 27, 2025 (the “Bond Resolution”).

The Bonds are being issued for the purposes of (i) financing various renovations throughout the District (collectively, the “Project”), and (ii) paying the costs of issuance of the Bonds.

The Bonds are a general obligation of the Board. The basic security for the Bonds is the Board’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 Board. The Bonds will be delivered on or about March 5, 2025, 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 Board 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 Steptoe & Johnson PLLC, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222. 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: Dwight Salsbury.

* Preliminary, subject to change.

The Board 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.

Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing September 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 U.S. Bank Trust Company, National Association, 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 Louisville, Kentucky. 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 February 1 and August 1 interest payment date shall be the preceding February 15 and August 15, 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 on October 23, 2024 (the “Bond Resolution”).

Redemption Provisions

Optional Redemption. The Bonds maturing on and after March 1, 2034, shall be subject to optional redemption on March 1, 2033, 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:]

<u>Maturing March 1, 20[]</u>	
<u>Date</u>	<u>Amount</u>
March 1, 20__	\$
March 1, 20__	\$
<u>March 1, 20__*</u>	<u>\$</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 Board 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 Board to defease any of the Bonds before the stated maturity thereof if (i) the Board 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 Board, 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 BOARD BELIEVES TO BE RELIABLE, BUT THE BOARD TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General Obligation

The Bonds are general obligations of the Board, and the full faith, credit, and taxing power of the Board 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 Board, including the Bonds, is the Board’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 Board, 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 Board. Under Section 159 of the Kentucky Constitution, the District, through

the Board, 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 Board 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 Board are to be deposited for the payment of the principal of and interest on the Bonds and all other general obligation indebtedness of the Board, 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 Board 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 Board 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 Board will (i) notify and request the Kentucky Department of Education to withhold a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board, 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.

It is anticipated that the Commission will participate in the payment of an amount that approximates 3.00% of the annual debt service requirements on the Bonds, subject in each case to biennial appropriations by the General Assembly. See “THE BONDS – Kentucky House Bill 727” for more

information and “Appendix C – Bonded Indebtedness Outstanding of the Board and Debt Service Requirements for the 2025 GO Bonds” for the outstanding bond issues of the Corporation in which the Commission has participated and the estimated annual Commission participation amounts.

PLAN OF FINANCING

The Bonds are being issued for the purposes of (i) financing various renovations throughout the District (collectively, the “Project”), and (ii) 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 Board.

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 Board under the Bonds and the Bond Resolution are general obligations of the Board and are secured by the pledge of the Board's full faith, credit, and taxing power, any moneys held in the Board's Sinking Fund (on a parity with all other general obligation indebtedness of the Board) 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 remedies provided under 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 any litigation or any required use of statutory remedial procedures. The validity and priority of the statutory lien provided under 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, through the Board, 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 Board 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, 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 Board may, from time to time, issue additional general obligation bonds or notes. The issuance of additional general obligation bonds or notes would increase the Board’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 rating assigned to the Bonds at the time of 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 more 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 Board, consisting of five members, elected to a four-year term on a non-partisan ballot. 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.

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.

Revenue Sources within the District

General Property and Motor Vehicle Tax

The Board 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 “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 their local tax revenues through increases in the tax rates on non-exempt property in order 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 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, acting by and through the Board, 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 Board'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 Board, 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 Board, subject to the 2% debt limitation, is \$17,736,574, and the Board's net debt subject to such limit presently outstanding (including the Bonds) is \$5,435,000*, leaving a balance of approximately \$12,301,574* borrowing capacity issuable within such limitation.

However, as described under the heading "THE DISTRICT – Tax Base Information – Limitation on Taxation" herein, the Board'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

* Preliminary, subject to adjustment.

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 Steptoe & Johnson PLLC, 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 Steptoe & Johnson PLLC. 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, Steptoe & Johnson PLLC has performed certain functions to assist the Board 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 Board when the Bonds are delivered to the original purchaser thereof. At the time of delivery, the Board 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 Board, 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 Steptoe & Johnson PLLC.

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 Board 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 any 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 is amortized ratably over that semiannual period on a daily basis.

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

Original Issue Discount

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 such purchaser owns the Discount Bond is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

In addition to the foregoing, OID that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any 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 cash attributable to such OID 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 Board 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: “Outstanding Bonds”, “Bond Debt Service”, “District Student Population”, “Local Support – Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment”, 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, 2024” hereto. The Annual Financial Information shall be provided annually, no later than 9 months after the end of the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2025, 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 Board 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 Board 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 liquidity providers applicable to the Bonds; and
- (c) there is no property securing the repayment of the Bonds.

As of the date of this Official Statement, the Board 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 Board intends to file all future Annual Financial Information within the time requirements specified in the Rule, the Continuing Disclosure Certificate, and the Board’s existing continuing disclosure undertakings relating to other outstanding debt issues, and the Board 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 28 SR 1340, Dixon, Kentucky 42409, Telephone: (270) 639-0101.

RATING

As noted on the cover page of this Official Statement, Moody’s Investors Service, Inc. (“Moody’s”) has assigned an enhanced rating of “[____]” 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 Board presently expects to furnish Moody’s with any information and materials that Moody’s may request on future general obligation bond issues. However, the Board 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 Board’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 Board from official records and other sources and is believed by the Board 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 Board, 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 Board 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 Board by the Chair of the Board.

**BOARD OF EDUCATION OF
WEBSTER COUNTY, KENTUCKY**

By: /s/ Tim McCormick
Chair

APPENDIX A

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS

ESTMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2025 School Building Revenue Bonds -----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2025	\$959,240						\$959,240
2026	\$958,779	\$55,000	\$207,639	\$262,639	\$102,463	\$160,177	\$1,118,956
2027	\$961,219	\$55,000	\$208,213	\$263,213	\$102,463	\$160,750	\$1,121,969
2028	\$945,258	\$55,000	\$206,508	\$261,508	\$102,462	\$159,045	\$1,104,303
2029	\$936,235	\$60,000	\$204,858	\$264,858	\$102,463	\$162,395	\$1,098,629
2030	\$892,971	\$60,000	\$203,058	\$263,058	\$102,463	\$160,595	\$1,053,566
2031	\$891,608	\$60,000	\$201,228	\$261,228	\$102,463	\$158,765	\$1,050,373
2032	\$893,584	\$65,000	\$199,368	\$264,368	\$102,463	\$161,905	\$1,055,489
2033	\$891,765	\$65,000	\$197,320	\$262,320	\$102,462	\$159,858	\$1,051,623
2034	\$889,585	\$70,000	\$195,240	\$265,240	\$102,462	\$162,778	\$1,052,363
2035	\$621,427	\$70,000	\$192,930	\$262,930	\$102,463	\$160,467	\$781,894
2036	\$618,415	\$75,000	\$190,480	\$265,480	\$102,462	\$163,018	\$781,433
2037	\$609,956	\$75,000	\$187,855	\$262,855	\$102,463	\$160,392	\$770,348
2038	\$532,369	\$120,000	\$185,230	\$305,230	\$102,462	\$202,768	\$735,137
2039	\$477,632	\$175,000	\$180,790	\$355,790	\$102,463	\$253,327	\$730,959
2040		\$660,000	\$174,140	\$834,140	\$102,463	\$731,677	\$731,677
2041		\$685,000	\$148,730	\$833,730	\$102,463	\$731,267	\$731,267
2042		\$715,000	\$122,015	\$837,015	\$102,462	\$734,553	\$734,553
2043		\$740,000	\$93,773	\$833,773	\$102,463	\$731,310	\$731,310
2044		\$770,000	\$64,173	\$834,173	\$102,463	\$731,710	\$731,710
2045		\$805,000	\$32,603	\$837,603	\$102,462	\$735,140	\$735,140
TOTAL:	\$12,080,042	\$5,435,000	\$3,396,147	\$8,831,147	\$2,049,251	\$6,781,896	\$18,861,938

APPENDIX B

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

TAX BASE, OPERATING, AND DEMOGRAPHIC DATA OF THE DISTRICT

COUNTY OF WEBSTER, KENTUCKY

TAX BASE, OPERATING, AND DEMOGRAPHIC DATA

Webster County, with a land area of 334 square miles, is located within the Western Kentucky Coal Field region. The Green River forms the northeastern boundary of the county, while the Tradewater River forms the county's southwestern boundary. Webster County had an estimated 2024 population of 12,762.

Dixon the county seat of Webster County is located 128 miles northwest of Nashville, Tennessee; 148 miles southwest of Louisville, Kentucky; and 203 miles southeast of St. Louis, Missouri. In 2024, Dixon had an estimated population of 908 people.

The Economic Framework

In 2024, Webster County had a labor force of 5,647 people with an unemployment rate of 4.6%. The top 4 jobs by occupation were as follows: Education, Training/Library – 1,306 (24.98%); Construction and Extraction – 955 (18.27%); Office and Administrative Support – 433 (8.28%); Executive, Managers, and Administrators – 364 (6.96%); and Transportation Workers – 232 (4.44%).

Transportation

Major highways serving Webster County include the Pennyriple Parkway, U.S. 41, U.S. 41 Alternate, and Kentucky 109. Twenty-three (23) trucking companies serve Webster County. CSX Transportation provides rail service to Providence and Sebree while Western Kentucky Railway serves Providence. The Evansville Regional Airport, 39 miles north of Dixon, provides the nearest scheduled commercial airline service. The Providence-Webster County Airport maintains a 3,800-foot paved runway designed to accommodate small aircraft.

Power and Fuel

Providence Municipal Utilities provides electric service to Providence. Kentucky Utilities Company provides electric power to Clay, Dixon, Sebree, and parts of Webster County. Webster County is also served by Green River Electric Corporation and Henderson-Union Electric Cooperative. Natural gas service is provided to Clay by Clay Gas System, to Providence Municipal Utilities, and to Sebree by Western Kentucky Gas Company.

Education

Webster County is served by the Webster County School System. Eight institutions of higher learning are located within 60 miles of Dixon. The Webster County Area Technology Center, in Dixon, and the Madisonville Regional Technology Center and the Madisonville Health Technology Center both 24 miles southeast of Dixon, provide vocational training facilities for the area.

LOCAL GOVERNMENT

Structure

Clay, Providence and Sebree are each governed by a mayor and six council members. Dixon, Slaughters, and Wheatcroft are governed by a mayor and four council members. The mayor for each city is elected to a four-year term while the council members each serve two-year terms.

Planning and Zoning

City Agency - Providence Planning Commission
Zoning Enforced - Within city and 2.5 miles beyond the corporate limits
Subdivision Regulations Enforced - Within city limits and 2.5 miles beyond
Local Codes Enforced - Building
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The City of Sebree levies a business license fee ranging from \$31.25 to \$70.00. Automobile license fees are \$10.00 annually. An optional fire card is available for \$25.00 annually, which provides fire protection to residents and businesses outside of Sebree, within a ten-mile radius. The City of Clay levies a \$10.50 to \$15.50 unloading license fee.

Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside of city limits may also be subject to city property taxes.

Special local taxing jurisdictions (fire protection districts, water shed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community of county).

Property assessments in Kentucky are at 100% fair cash value. Accounts receivables are taxed at 85% of face value.

LABOR MARKET STATISTICS

The Webster County Labor Market Area includes Webster County and the adjoining Kentucky counties of Caldwell, Crittenden, Daviess, Henderson, Hopkins, McLean, Union and Vanderburgh Indiana.

Population Growth (in thousands)

<u>Area</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Webster County	12,876	13,113	12,794
Dixon	694	932	901

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

Population Projections

<u>Area</u>	<u>2030</u>	<u>2035</u>	<u>2040</u>
Webster County	12,304	11,876	11,426

Source: Kentucky State Data Center, University of Louisville.

EDUCATION

Public Schools

Webster County

Total Enrollment (2023 – 2024)	2,110
Pupil-Teacher Ratio	15.0 - 1

Customized Training

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

Assessment Services

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

Adult Education Services

Adult education programs are available to adults who want to develop new skills, improve basic skills or ear a high school equivalency diploma. In Webster County, adult basic education and adult literacy classes are administered through the Webster County Board of Education.

Bluegrass State Skills Corporation

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

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

Vocational Schools

<u>Technical Institution</u>	<u>Location</u>	<u>Enrollment (2023 – 2024)</u>
Butler County ATC	Morgantown, KY	295
Caldwell County ATC	Princeton, KY	452
Gateway CTC	Florence, KY	6,321
Henderson County CTC	Henderson, KY	1,950
Ohio County ATC	Hartford, KY	559
Paducah ATC	Paducah, KY	609
Webster County ATC	Dixon, KY	459

Area Colleges and Universities

<u>Institution</u>	<u>Location</u>	<u>Enrollment (Fall 2023)</u>
Brescia University	Owensboro, KY	551
Kentucky Wesleyan College	Owensboro, KY	833
University of Evansville	Evansville, IN	1,741
University of Southern Indiana	Evansville, IN	5,409

APPENDIX C

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WEBSTER COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

**WEBSTER COUNTY SCHOOL DISTRICT
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**WEBSTER COUNTY SCHOOL DISTRICT
JUNE 30, 2024**

BOARD OF EDUCATION

Mickey Dunbar, Chairman
Tim McCormick, Vice-Chairman
Venita Murphy, Member
James Nance, Member
Amanda Coomes, Member

ADMINISTRATIVE STAFF

Aaron Harrell, Superintendent
Brandi Burnett, Director of Finance/Treasurer

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA



DGA, PSC

CERTIFIED PUBLIC ACCOUNTANTS

4443 CANTON PIKE
HOPKINSVILLE, KY 42240
270-886-6355

709 E. 4TH ST.
RUSSELLVILLE, KY 42276
270-726-9621

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Webster County School District
Dixon, 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 Webster County School District (District) as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. 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 Webster County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 judgment, 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 and budgetary comparison information and pension and postemployment benefits 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.

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 introductory section, combining and individual nonmajor fund financial statements and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the introductory section, combining and individual nonmajor fund financial statements, other information, 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, 2024, 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 Webster County School District's internal control over financial reporting and compliance.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

As management of the Webster 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, 2024. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash and cash equivalents balance for the District was \$7.3M in 2024 and \$6.2M in 2023.
- In total, net position increased \$2.9M. The net position of governmental activities increased \$2.4M, while the net position of business-type activities increased \$467K. Total assets were \$39.8M at June 30, 2024 compared to \$39.9M at June 30, 2023 and total liabilities were \$26.2M at June 30, 2024 compared to \$33.4M at June 30, 2023.
- Total revenues were \$30.8M for the year. General revenues accounted for \$12.5M, 40.43% of the total, while program specific revenues in the form of charges for services and sales, grant and contributions accounted for \$18.4M or 59.57% of total revenues. The District incurred \$27.9M in total expenses.

The Webster County schools are continuing efficiency efforts under Superintendent, Aaron Harrell, and Director of Finance, Brandi Burnett. Those efficiency efforts include the following initiatives:

- The Webster County Resource Efficiency Team has been revitalized and repurposed as of the 23-24 school year. This team is composed of one school board member, superintendent, one school level administrator, all District federal/state grant coordinators, transportation director, maintenance director, technology director and finance officer. A thorough review of financial information and prioritization of programs and services necessary for the most efficient functioning of the school district are topics for the monthly agenda. The Board tasked this team with performing a needs assessment in all of the different areas, plus one for the district level. From the needs assessments, a rubric will be applied to assist in budgeting for and completing the highest priority projects.
- Both the Director of Finance and Payroll Clerk will attend the KASBO Leadership Conference during the spring and fall.
- Both Director of Finance and Payroll Clerk are members of respective regional groups that meet bi-monthly.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

- The FY24 budget included a 4.51% contingency fund, which is well above the KRS statute required 2.0%, due to many of the efficiency measures that have been put into place.
- The continued usage of the Absence Management software from Frontline Technologies has proven to be an efficient practice for tracking absences and assigning substitutes to vacancies within the District.
- Additional grant funding has provided revenue sources that create amazing learning opportunities outside the normal funding streams for local public schools. The grants continuing through FY25 are as follows:
 - WCHS 21st Century Learning Center (Capstone)
 - WCMS 21st Century Learning Center (Apex)
 - Drug Free Communities
 - Striving Readers/KYCL
 - Stronger Connections
 - COPS Grant
 - DLT Grant
- Through the challenges of the COVID-19 pandemic, ESSER funds, in addition to non-competitive federal funds, have been utilized to furnish the students and staff of Webster County Schools with technology and resources necessary for continuing instruction at all grade levels.
- The district used ESSER funds, in addition to other grant funds, to purchase curriculum across all levels of instruction. The new curriculum provides rigorous instruction, continuity and consistency across the district. The curriculum is a 5 year program, and efficiencies have already been put into place to ensure funds are available to replace or extend the program at the end of the 5 year program.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements – The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position – the difference between the District’s assets plus deferred outflows of resources and the District’s liabilities plus deferred inflows of resources – is one way to measure the District’s financial health or position.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all the District’s activities are reported as governmental activities.

- Governmental activities – All the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of the activities.

Fund financial statements – The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary fund* – The District’s proprietary fund is Food Service. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is a fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets plus deferred outflows of resources were greater than liabilities plus deferred inflows of resources by \$11.4M at the close of the most recent fiscal year.

The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions to District employees, not the District. A significant portion of the District’s net position, \$17.1M, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of the District’s government-wide net position as of June 30, 2024 and 2023:

Net Position

	Governmental Activities		Business-type Activities		District Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current assets						
and other assets	\$ 5,100,587	\$ 5,193,526	\$ 2,960,237	\$ 2,576,003	\$ 8,060,824	\$ 7,769,529
Capital assets	<u>31,644,179</u>	<u>31,959,368</u>	<u>128,438</u>	<u>159,284</u>	<u>31,772,617</u>	<u>32,118,652</u>
Total assets	<u>36,744,766</u>	<u>37,152,894</u>	<u>3,088,675</u>	<u>2,735,287</u>	<u>39,833,441</u>	<u>39,888,181</u>
Deferred outflows of resources						
	<u>4,817,928</u>	<u>5,989,504</u>	<u>547,692</u>	<u>606,379</u>	<u>5,365,620</u>	<u>6,595,883</u>
LIABILITIES						
Current liabilities	591,775	983,107	43	2,425	591,818	985,532
Long-term debt	<u>24,239,949</u>	<u>30,526,415</u>	<u>1,401,478</u>	<u>1,871,570</u>	<u>25,641,427</u>	<u>32,397,985</u>
Total liabilities	<u>24,831,724</u>	<u>31,509,522</u>	<u>1,401,521</u>	<u>1,873,995</u>	<u>26,233,245</u>	<u>33,383,517</u>
Deferred inflows of resources						
	<u>6,908,486</u>	<u>4,232,597</u>	<u>595,383</u>	<u>295,185</u>	<u>7,503,869</u>	<u>4,527,782</u>
NET POSITION						
Investment in capital assets net of related debt	16,992,663	15,914,529	128,438	159,284	17,121,101	16,073,813
Restricted	556,675	411,249	-	-	556,675	411,249
Unrestricted	<u>(7,726,854)</u>	<u>(8,925,499)</u>	<u>1,511,025</u>	<u>1,013,202</u>	<u>(6,215,829)</u>	<u>(7,912,297)</u>
Total net position	<u>\$ 9,822,484</u>	<u>\$ 7,400,279</u>	<u>\$ 1,639,463</u>	<u>\$ 1,172,486</u>	<u>\$11,461,947</u>	<u>\$ 8,572,765</u>

The net pension liability (NPL) and the other postemployment benefits (OPEB) are the largest liabilities reported by the District as of June 30, 2024. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for-benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in benefits, contribution rates and return on investments affect the balance of these liabilities but are outside the control of the local government.

The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations of the District, and the payments are recorded as revenue from the State. The result is an increase in net position from the direct payment of principal and interest by the SFCC of \$595K. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net position on the government-wide statements. The decrease in business-type activities net position is due mainly to current year changes in pension liability charges.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of changes in the District’s net position for the fiscal years ended June 30, 2024 and 2023:

Changes in Net Position

	Governmental Activities		Business-type Activities		District Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Operating grants and contributions	\$ 15,745,083	\$ 17,249,395	\$ 1,922,572	\$ 2,008,084	\$ 17,667,655	\$ 19,257,479
Capital grants and contributions	594,843	616,708	-	-	594,843	616,708
Charges for services	-	-	100,084	86,099	100,084	86,099
General revenues						
Property taxes	4,009,325	3,726,577	-	-	4,009,325	3,726,577
Other taxes	1,546,366	1,567,825	-	-	1,546,366	1,567,825
Investment earnings	305,876	213,035	150,831	95,364	456,707	308,399
State aid	5,574,454	7,159,255	117,793	108,829	5,692,247	7,268,084
Other	759,906	670,452	-	-	759,906	670,452
Total revenues	<u>28,535,853</u>	<u>31,203,247</u>	<u>2,291,280</u>	<u>2,298,376</u>	<u>30,827,133</u>	<u>33,501,623</u>
EXPENSES						
Instruction	13,986,825	15,729,601	-	-	13,986,825	15,729,601
Support services						
Student	1,512,369	1,442,872	-	-	1,512,369	1,442,872
Instructional staff	2,091,560	2,271,409	-	-	2,091,560	2,271,409
District administrative	526,937	1,018,917	-	-	526,937	1,018,917
School administrative	2,130,542	2,151,185	-	-	2,130,542	2,151,185
Business	557,011	535,789	-	-	557,011	535,789
Plant operations and maintenance	2,831,676	2,294,752	-	-	2,831,676	2,294,752
Student transportation	1,531,663	1,701,088	-	-	1,531,663	1,701,088
Community service activities	414,701	385,234	-	-	414,701	385,234
Other instructional	5,450	5,124	-	-	5,450	5,124
Other non-instruction	30,252	38,482	-	-	30,252	38,482
Interest costs	594,662	653,476	-	-	594,662	653,476
Food service	-	-	1,724,303	1,650,703	1,724,303	1,650,703
Total expenses	<u>26,213,648</u>	<u>28,227,929</u>	<u>1,724,303</u>	<u>1,650,703</u>	<u>27,937,951</u>	<u>29,878,632</u>
Change in net position before transfers	2,322,205	2,975,318	566,977	647,673	2,889,182	3,622,991
Transfers in (out)	100,000	100,000	(100,000)	(100,000)	-	-
Change in net position after transfers	<u>\$ 2,422,205</u>	<u>\$ 3,075,318</u>	<u>\$ 466,977</u>	<u>\$ 547,673</u>	<u>\$ 2,889,182</u>	<u>\$ 3,622,991</u>

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

The net position of the District’s governmental activities increased by \$2.4M. Net position reflects a positive balance of \$9.8M. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the 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.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$4.6M, an increase of \$292K in comparison to the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2024 and 2023.

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District’s activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state, and expenditures of those grants for specific programs in accordance with the grants’ guidelines. In addition to the Special Revenue (Grant) Fund, the District has the Special Revenue District Activity Fund and the Special Revenue Student Activity Fund which includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements.

The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Building Fund’s revenues are produced by a five-cent special property tax assessment and matching state funds. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

The Debt Service Fund is used to account for all activities related to long-term obligations.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of fund balances as of June 30, 2024 and 2023:

<u>Governmental Funds</u>	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Capital Outlay	\$ 115,165	\$ -	\$ 115,165
General Fund	4,052,051	3,905,143	146,908
Special Revenue Fund	(100)	(100)	-
Student Activity Fund	405,361	374,457	30,904
FSPK Fund	-	-	-
SEEK	16,046	16,046	-
Debt Service Fund	-	-	-
District Activity Fund	20,103	20,746	(643)
Construction Fund	-	-	-
Total governmental funds	<u>\$ 4,608,626</u>	<u>\$4,316,292</u>	<u>\$ 292,334</u>

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$4M, while total fund balance was \$4.1M. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 19.08% of the total General Fund expenditures, while total fund balance represents 19.26% of that same amount.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of 4.51%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year. Budget revenues and expenses do not include on-behalf payments in the amount of \$5.9M.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2024, excluding interfund transfers and beginning balances, were \$15.4M compared to the total budgeted revenues of \$14.4M.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2024, excluding interfund transfers, were \$15.2M compared to the total budgeted expenditures of \$18M.

Significant Board action that impacts the finances includes limiting facility improvements and major purchases throughout the District.

Special Revenue Fund (Fund 2) is made up of state, local and federal grants. These grants include Title programs, IDEA B special education and preschool funding, Flex Focus state dollars and others. These funds have restricted use according to the guidelines for each. Expenditures include salaries and benefits, supplies, programming costs, travel and training costs.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The District has used those funds for debt service payments. The State contributes to those funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2024, the District had \$31.8M invested in capital assets net of depreciation: historical cost totaled \$57.6M with accumulated depreciation totaling \$25.8M. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$698K were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$1M, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 3 to the financial statements.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Following is a summary of capital assets, net of depreciation, as of June 30, 2024 and 2023:

Net Capital Assets

	Governmental Activities		Business-type Activities		District Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 542,261	\$ 542,261	\$ -	\$ -	\$ 542,261	\$ 542,261
Land improvements	336,356	337,880	-	-	336,356	337,880
Construction in progress	1,814,146	1,758,551	-	-	1,814,146	1,758,551
Buildings and improvements	27,750,528	28,418,408	-	-	27,750,528	28,418,408
Technology equipment	(335,780)	(394,164)	(10,360)	(10,360)	(346,140)	(404,524)
General equipment	493,827	318,494	-	-	493,827	318,494
Vehicles	1,042,841	977,938	(888)	(888)	1,041,953	977,050
Food service equipment	-	-	139,686	170,532	139,686	170,532
Total	<u>\$ 31,644,179</u>	<u>\$ 31,959,368</u>	<u>\$ 128,438</u>	<u>\$ 159,284</u>	<u>\$ 31,772,617</u>	<u>\$ 32,118,652</u>

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2024 were \$14.3M. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$3M of the bonds leaving the District to pay \$11.3M.

The State must approve the issuance of any new bonds of the District.

More detailed information about the District’s long-term liabilities may be found in Note 4 to the financial statements.

**WEBSTER COUNTY SCHOOL DISTRICT – DIXON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding. A factor in that SEEK formula is base funding driven by average daily attendance, and the District faces the challenges of very little growth in student enrollment each year. Also, as we look forward, we expect unfunded mandates and the national economy to have an impact on our District.

The District's financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District's Board. Local property assessments remain consistent, showing little to no growth, our low property tax rates have not produced significant additional revenue for the District to substantially strengthen its financial position.

The District remains committed to utilizing resources to provide the maximum benefits to students and provide them with a quality education. This involves closely monitoring legislation, effectively managing our grant resources, controlling expenditures and seeking new sources of revenues. The District has several critical facility needs that exceed its short-term bonding potential, providing a challenge to maintain quality facilities with available resources.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. Questions regarding this report should be directed to the Superintendent or District Finance personnel at (270) 639-0101 or by mail at 28 State Route 1340, Dixon, KY 42409.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,407,376	\$ 2,888,629	\$ 7,296,005
Accounts receivable			
Taxes	366,301	-	366,301
Other	254	14,760	15,014
Intergovernmental - indirect federal	326,656	-	326,656
Inventory	-	56,848	56,848
Capital assets			
Non-depreciable	2,356,407	-	2,356,407
Depreciable (net)	29,287,772	128,438	29,416,210
Total assets	36,744,766	3,088,675	39,833,441
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	2,933,833	111,104	3,044,937
Pension related	1,626,506	436,588	2,063,094
Deferred amount on refunding of debt	257,589	-	257,589
Total deferred outflows of resources	4,817,928	547,692	5,365,620
LIABILITIES			
Accounts payable	90,109	43	90,152
Accrued liabilities	45,476	-	45,476
Accrued sick leave	8,206	-	8,206
Unearned revenue	348,170	-	348,170
Interest payable	99,814	-	99,814
Long-term obligations			
Portion due or payable within one year			
Bonds payable	1,307,852	-	1,307,852
Financed purchases	48,615	-	48,615
Portion due or payable after one year			
Bonds payable	13,011,673	-	13,011,673
Financed purchases	149,290	-	149,290
Compensated absences	134,086	11,272	145,358
Net OPEB liability	3,247,151	45,473	3,292,624
Net pension liability	6,341,282	1,344,733	7,686,015
Total liabilities	24,831,724	1,401,521	26,233,245

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2024**

	Governmental Activities	Business- type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB related	5,202,236	368,926	5,571,162
Pension related	1,706,250	226,457	1,932,707
Total deferred inflows of resources	<u>6,908,486</u>	<u>595,383</u>	<u>7,503,869</u>
NET POSITION			
Net investment in capital assets	16,992,663	128,438	17,121,101
Restricted	556,675	-	556,675
Unrestricted	<u>(7,726,854)</u>	<u>1,511,025</u>	<u>(6,215,829)</u>
Total net position	<u>\$ 9,822,484</u>	<u>\$ 1,639,463</u>	<u>\$ 11,461,947</u>

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instruction	\$ 13,986,825	\$ -	\$ 9,665,793	\$ -	\$ (4,321,032)	\$ -	\$ (4,321,032)
Support services							
Student	1,512,369	-	426,637	-	(1,085,732)	-	(1,085,732)
Instructional staff	2,091,560	-	2,962,270	-	870,710	-	870,710
District administration	526,937	-	224,287	-	(302,650)	-	(302,650)
School administration	2,130,542	-	689,374	-	(1,441,168)	-	(1,441,168)
Business	557,011	-	64,070	-	(492,941)	-	(492,941)
Plant operations and maintenance	2,831,676	-	240,968	-	(2,590,708)	-	(2,590,708)
Student transportation	1,531,663	-	602,719	-	(928,944)	-	(928,944)
Community service activities	414,701	-	868,965	-	454,264	-	454,264
Other instructional	5,450	-	-	-	(5,450)	-	(5,450)
Other non-instruction	30,252	-	-	-	(30,252)	-	(30,252)
Interest on long-term debt	594,662	-	-	594,843	181	-	181
Total governmental activities	<u>26,213,648</u>	<u>-</u>	<u>15,745,083</u>	<u>594,843</u>	<u>(9,873,722)</u>	<u>-</u>	<u>(9,873,722)</u>
Business-type Activities							
Food service	1,724,303	100,084	1,922,572	-	-	298,353	298,353
Total business-type activities	<u>1,724,303</u>	<u>100,084</u>	<u>1,922,572</u>	<u>-</u>	<u>-</u>	<u>298,353</u>	<u>298,353</u>
Total activities	<u>\$ 27,937,951</u>	<u>\$ 100,084</u>	<u>\$ 17,667,655</u>	<u>\$ 594,843</u>	<u>(9,873,722)</u>	<u>298,353</u>	<u>(9,575,369)</u>

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2024**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
	(9,873,722)	298,353	(9,575,369)
General Revenues			
Taxes			
Property	4,009,325	-	4,009,325
Motor vehicle	725,426	-	725,426
Utilities	811,910	-	811,910
Other	9,030	-	9,030
Investment earnings	305,876	150,831	456,707
State aid	5,574,454	117,793	5,692,247
Gain (loss) on sale of fixed assets	29,323	-	29,323
Transfers	100,000	(100,000)	-
Miscellaneous	730,583	-	730,583
	12,295,927	168,624	12,464,551
Change in net position	2,422,205	466,977	2,889,182
Net position, beginning of year	7,400,279	1,172,486	8,572,765
Net position, end of year	\$ 9,822,484	\$ 1,639,463	\$ 11,461,947

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,818,809	\$ 31,892	\$ 556,675	\$ 4,407,376
Accounts receivable				
Taxes	366,301	-	-	366,301
Other	254	-	-	254
Intergovernmental - indirect federal	-	326,656	-	326,656
Total assets	<u>\$ 4,185,364</u>	<u>\$ 358,548</u>	<u>\$ 556,675</u>	<u>\$ 5,100,587</u>

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
BALANCE SHEET, continued
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Special Revenue	Nonmajor Governmental	Total
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 79,631	\$ 10,478	\$ -	\$ 90,109
Accrued liabilities	45,476	-	-	45,476
Accrued sick leave	8,206	-	-	8,206
Unearned revenue	-	348,170	-	348,170
Total liabilities	133,313	358,648	-	491,961
Fund balances				
Nonspendable	37,506	-	-	37,506
Spendable				
Restricted	-	-	556,675	556,675
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	4,014,545	(100)	-	4,014,445
Total fund balances	4,052,051	(100)	556,675	4,608,626
Total liabilities and fund balances	\$ 4,185,364	\$ 358,548	\$ 556,675	\$ 5,100,587

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total fund balance per fund financial statements	\$ 4,608,626
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and are not reported as assets in governmental funds. The cost of the assets is \$56,571,810 and the accumulated depreciation is \$24,927,631	31,644,179
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	257,589
Pension and other postemployment benefit OPEB related items:	
Deferred outflows - OPEB	2,933,833
Deferred outflows - pension	1,626,506
Deferred inflows - OPEB	(5,202,236)
Deferred inflows - pension	(1,706,250)
Net OPEB liability	(3,247,151)
Net pension liability	(6,341,282)
Long-term liabilities, including interest payable, are not due and payable in the current period and are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:	
Bond obligations (net of premiums/discounts)	(14,319,525)
Lease obligations	(197,905)
Interest payable on bonds	(99,814)
Noncurrent portion of accumulated sick leave	(134,086)
Net position of governmental activities	\$ 9,822,484

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
REVENUES				
From local sources				
Taxes				
Property	\$ 3,585,053	\$ -	\$ 424,272	\$ 4,009,325
Motor vehicle	725,426	-	-	725,426
Utilities	811,910	-	-	811,910
Other	9,030	-	-	9,030
Earnings on investments	282,413	-	23,463	305,876
Student activities	-	-	425,090	425,090
Other local revenues	51,228	12,283	241,982	305,493
Intergovernmental - state	15,745,082	1,040,507	1,309,260	18,094,849
Intergovernmental - federal	83,031	3,736,499	-	3,819,530
	<u>21,293,173</u>	<u>4,789,289</u>	<u>2,424,067</u>	<u>28,506,529</u>
Total revenues	<u>21,293,173</u>	<u>4,789,289</u>	<u>2,424,067</u>	<u>28,506,529</u>

Continued

WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
EXPENDITURES				
Current				
Instruction	11,273,807	2,729,836	586,145	14,589,788
Support services				
Student	1,406,284	86,797	-	1,493,081
Instructional staff	782,317	1,294,380	14,863	2,091,560
District administration	504,249	-	-	504,249
School administration	1,978,863	-	-	1,978,863
Business	555,336	1,675	-	557,011
Plant operations and maintenance	3,173,072	26,059	5,428	3,204,559
Student transportation	1,374,576	211,946	18,136	1,604,658
Community service activities	(4,500)	419,201	-	414,701
Other instructional	-	-	5,450	5,450
Other non-instruction	-	-	30,252	30,252
Building acquisition and construction	-	-	55,595	55,595
Debt service	-	-	1,813,751	1,813,751
	<u>21,044,004</u>	<u>4,769,894</u>	<u>2,529,620</u>	<u>28,343,518</u>
Total expenditures				

Continued

WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Excess (deficit) of revenues over (under) expenditures	249,169	19,395	(105,553)	163,011
OTHER FINANCING SOURCES (USES)				
Proceeds from disposal of fixed assets	29,323	-	-	29,323
Transfers in	100,000	42,942	1,323,482	1,466,424
Transfers (out)	(231,584)	(62,337)	(1,072,503)	(1,366,424)
Total other financing sources (uses)	(102,261)	(19,395)	250,979	129,323
Net changes in fund balances	146,908	-	145,426	292,334
Fund balances, beginning of year	3,905,143	(100)	411,249	4,316,292
Fund balances, end of year	<u>\$ 4,052,051</u>	<u>\$ (100)</u>	<u>\$ 556,675</u>	<u>\$ 4,608,626</u>

See accompanying notes to financial statements

**WEBSTER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balance - total governmental funds \$ 292,334

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlay in the current period:

Capital outlay	698,413
Depreciation expense	(1,013,602)

Bond proceeds are reported as other financing sources in governmental funds and contribute to the change in fund balance. However, in the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the government funds financial statements but is a reduction of the liability in the statement of net position.

Bond repayments	1,275,000
KISTA lease payments	97,076

Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:

Deferred other postemployment benefits	651,315
Deferred pension	460,366
Accumulated sick leave-noncurrent portion	17,213
Amortization on deferred refunding of debt	(66,003)
Amortization of bond discount/premium	4,034
Accrued interest on bonds	6,059
	6,059

Change in net position of governmental activities	\$ 2,422,205
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See accompanying notes to financial statements

PROPRIETARY FUND FINANCIAL STATEMENTS

**WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024**

	<u>School Food Service</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$2,888,629
Accounts receivable	14,760
Inventory	<u>56,848</u>
Total current assets	<u>2,960,237</u>
Noncurrent assets	
Capital assets	1,058,220
Less: accumulated depreciation	<u>(929,782)</u>
Total noncurrent assets	<u>128,438</u>
Total assets	<u>3,088,675</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	111,104
Pension related	<u>436,588</u>
Total deferred outflows of resources	<u>547,692</u>

Continued

WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION, continued
PROPRIETARY FUND
JUNE 30, 2024

	<u>School Food Service</u>
LIABILITIES	
Current liabilities	
Accounts payable	<u>43</u>
Total current liabilities	<u>43</u>
Long-term liabilities	
Accrued salaries and benefits	11,272
Net OPEB liability	45,473
Net pension liability	<u>1,344,733</u>
Total noncurrent liabilities	<u>1,401,478</u>
Total liabilities	<u>1,401,521</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related	368,926
Pension related	<u>226,457</u>
Total deferred inflows of resources	<u>595,383</u>
NET POSITION	
Net investment in capital assets	128,438
Unrestricted	<u>1,511,025</u>
Total net position	<u><u>\$ 1,639,463</u></u>

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	School Food Service
OPERATING REVENUES	
Lunchroom sales	\$ 100,084
Total operating revenues	100,084
OPERATING EXPENSES	
Salaries, wages and benefits	566,946
Materials and supplies	1,024,551
Depreciation	30,846
Contract services	100,294
Other	1,666
Total operating expenses	1,724,303
Operating income (loss)	(1,624,219)
NONOPERATING REVENUES (EXPENSES)	
Federal grants	1,846,625
Donated commodities	75,947
State grants	12,147
State on-behalf payments	105,646
Transfers in (out)	(100,000)
Interest income	150,831
Total nonoperating revenues (expenses)	2,091,196
Change in net position	466,977
Net position, beginning of year	1,172,486
Net position, end of year	\$ 1,639,463

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>School Food Service</u>
Cash flows from operating activities	
Cash received from	
Lunchroom sales	\$ 101,555
Cash paid to/for	
Employees	(572,507)
Supplies	(953,177)
Contract services	<u>(101,960)</u>
Net cash provided (used) by operating activities	<u>(1,526,089)</u>
Cash flows from noncapital financing activities	
Transfers in (out)	(100,000)
Government grants	<u>1,858,772</u>
Net cash provided (used) by noncapital financing activities	<u>1,758,772</u>
Cash flows from investing activities	
Interest income	<u>150,831</u>
Net cash provided (used) by investing activities	<u>150,831</u>
Net increase (decrease) in cash and cash equivalents	383,514
Cash and cash equivalents, beginning of year	<u>2,505,115</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,888,629</u></u>

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	School Food Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (1,624,219)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	30,846
Donated commodities	75,947
State on-behalf payments	105,646
Changes in assets and liabilities	
Accounts payable	(2,382)
Accounts receivable	1,471
Inventory	(2,191)
Compensated absences	(3,240)
OPEB	(46,157)
Pension	(61,810)
Net cash provided (used) by operating activities	\$ (1,526,089)
Schedule of non-cash transactions	
Donated commodities received from federal government	\$ 75,947
On-behalf payments	105,646

See accompanying notes to financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 36,373</u>
Total assets	<u>36,373</u>
NET POSITION	<u><u>\$ 36,373</u></u>

See accompanying notes to financial statements

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Private Purpose Trust Funds
ADDITIONS	
Interest income	\$ -
Contributions	-
	-
Total additions	-
DEDUCTIONS	
Community services	-
	-
Total deductions	-
Change in net position	-
Net position, beginning of year	36,373
Net position, end of year	\$ 36,373

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Webster 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 the Webster 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 a component unit of any other governmental “reporting entity”. 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’s financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, agencies, boards, commissions and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization’s governing body and 1) the ability of the District to impose its will on that organization or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB Statement No. 39, as amended by GASB Statement No. 61, sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, there are no other organizations which should be included in these basic financial statements.

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

Based on the foregoing criteria, the financial statements of the Webster County School District Finance Corporation are included in the accompanying financial statements. The Board authorized the establishment of the Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Webster County Board of Education also comprise the Corporation’s Board of Directors.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Interfund services provided and used are not eliminated in the process of consolidation for these statements.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of net position that does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

The *General Fund* is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the fund consists primarily of local property taxes and state governmental aid. This is a major fund of the District.

The *Special Revenue Funds* account for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes.

The *Special Revenue (Grant) Fund* includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.

The *Special Revenue Student Activity Fund* accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular to extracurricular activities of the District.

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

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

The *Facility Support Program of Kentucky Fund (FSPK)* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenue to be used for authorized construction.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Proprietary Fund Types

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The District has the following enterprise fund:

The *School Food Service Fund* accounts for the food service operations of the District.

Fiduciary Fund Type

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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 satisfied. The District also reports a fiduciary fund which focuses on net position and changes in net position. The fiduciary fund reports on the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues – Exchange and Nonexchange Transactions

Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which it is budgeted. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary funds are charges for food sales or tuition and fees. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure to restricted fund balance and then to less restrictive classifications—committed, assigned and then unassigned fund balances.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Significant Accounting Policies Followed by the District Include the Following:

Cash and Cash Equivalents

The District considers demand deposits, money market funds and time deposits that are nonnegotiable to be cash and cash equivalents for governmental, proprietary and fiduciary funds. This definition is also used for the proprietary funds' statements of cash flows.

Property Taxes Receivable

Property taxes in the governmental funds are accounted for using the modified accrual basis of accounting.

Property taxes collected are recorded as revenues in the fund for which they were levied. Property taxes are levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes become delinquent after December 31.

The property tax rates for the year ended June 30, 2024, to finance the General Fund operations were \$.562 per \$100 valuation for real property, \$.587 per \$100 valuation for business tangible personal property and \$.480 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3.00% of the gross receipts derived from furnishing, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

Inventories

Inventories are valued at cost, which approximates market. The Food Service Fund uses the specific identification method, and the General Fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenditures

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the 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 retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives for Depreciation</u>
Buildings and improvements	20-25 years
Land improvements	20 years
Software	7 years
Leasehold improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
Food Service equipment	12 years
Furniture and fixtures	7-20 years
Other	10-15 years

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of school registration fees and meal revenues collected for the programs and services in the next school year.

Debt Premiums and Discounts

Unamortized premiums and discounts associated with bond issues are amortized over the lives of the related bonds using the straight-line method and are an addition (premium) or deduction (discount) to the debt balances in the government-wide statements.

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 Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate financial statement element, *deferred outflows of resources*, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category: the deferred outflows of resources relate to the net pension liability described in Note 11, the net OPEB liability described in Note 12 and the deferred amount on refunding of debt.

In addition to liabilities, the statement of net position will sometimes report a separate financial statement element, *deferred inflows of resources*, which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the deferred inflows of resources related to the net pension liability described in Note 11 and the net OPEB liability described in Note 12.

Cash Flows

For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – Amounts which cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Education intends to use for specific purposes. The authority to assign fund balances has been designated by the District's Board of Education to the Finance Officer.

Unassigned – All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned funds and then unassigned.

Net Position

In proprietary funds, fiduciary funds and government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activity

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

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 reported amounts of certain financial statement balances. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 7, 2024, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. The District's cash deposits are covered by the Federal Depository Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. At June 30, 2024, the District's bank balance of \$7,301,473 was fully collateralized.

At June 30, 2024, the carrying amount of the District's cash and cash equivalents was \$7,332,378.

The carrying amounts are reflected in the financial statements as follows:

Governmental funds	\$4,407,376
Proprietary funds	2,888,629
Fiduciary funds	<u>36,373</u>
Total	<u><u>\$7,332,378</u></u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

<u>Governmental Activities</u>	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital assets not depreciated				
Land	\$ 542,261	\$ -	\$ -	\$ 542,261
Construction in progress	1,758,551	55,595	-	1,814,146
Total non-depreciable historical cost	<u>2,300,812</u>	<u>55,595</u>	<u>-</u>	<u>2,356,407</u>
Capital assets depreciated				
Land improvements	1,127,642	34,319	-	1,161,961
Buildings and improvements	46,638,627	120,032	-	46,758,659
Technology equipment	144,825	74,226	-	219,051
Vehicles	4,658,758	209,919	-	4,868,677
General equipment	1,002,733	204,322	-	1,207,055
Total depreciable historical cost	<u>53,572,585</u>	<u>642,818</u>	<u>-</u>	<u>54,215,403</u>
Less: accumulated depreciation				
Land improvements	789,762	35,843	-	825,605
Buildings and improvements	18,220,219	787,912	-	19,008,131
Technology equipment	538,989	15,842	-	554,831
Vehicles	3,680,820	145,016	-	3,825,836
General equipment	684,239	28,989	-	713,228
Total accumulated depreciation	<u>23,914,029</u>	<u>1,013,602</u>	<u>-</u>	<u>24,927,631</u>
Total depreciable historical cost - net	<u>29,658,556</u>	<u>(370,784)</u>	<u>-</u>	<u>29,287,772</u>
Governmental activities capital assets - net	<u>\$ 31,959,368</u>	<u>\$ (315,189)</u>	<u>\$ -</u>	<u>\$ 31,644,179</u>

Construction work in progress consists of the high school and middle school roof repairs (\$452,561) and the high school HVAC controls upgrade project (\$1,361,585).

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 525,931
Support services	
Student	19,288
District administration	22,688
School administration	248,755
Plant operations and maintenance	60,016
Student transportation	136,924
	\$1,013,602

Business-type Activities	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital assets depreciated				
Technology equipment	\$ 69	\$ -	\$ -	\$ 69
Food service equipment	1,039,202	-	-	1,039,202
Vehicles	18,949	-	-	18,949
	1,058,220	-	-	1,058,220
Total depreciable historical cost				
Less: accumulated depreciation				
Technology equipment	10,429	-	-	10,429
Food service equipment	868,670	30,846	-	899,516
Vehicles	19,837	-	-	19,837
	898,936	30,846	-	929,782
Total accumulated depreciation				
Business-type activities capital assets - net	\$ 159,284	\$ (30,846)	\$ -	\$ 128,438

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 – LONG-TERM OBLIGATIONS

The various issues of school building revenue bonds are as follows:

Issue	Proceeds	Interest Rates	Maturity Dates
2004	\$ 300,000	4.63%	2024
2012	3,005,000	0.90 - 2.60%	2033
2013	4,650,000	1.50 - 4.05%	2034
2014	1,405,000	0.45 - 2.40%	2026
2015	860,000	2.00%	2026
2016R	8,840,000	0.50 - 1.77%	2029
2016	1,245,000	2.00%	2037
2017	645,000	1.25 - 3.55%	2037
2019	2,850,000	1.250 - 3.125%	2039

The District, through the General Fund, including utility taxes and the SEEK Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Webster County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

The bonds may be called prior to maturity, and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2024 for debt service (principal and interest) are as follows:

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

Year	Webster County School District		School Facilities Construction Commission		Total
	Principal	Interest	Principal	Interest	
2025	\$ 784,001	\$ 337,581	\$ 505,999	\$ 67,918	\$ 1,695,499
2026	808,323	319,249	516,677	57,241	1,701,490
2027	837,394	299,304	527,606	46,311	1,710,615
2028	850,608	277,093	539,392	34,526	1,701,619
2029	874,001	251,917	445,999	22,880	1,594,797
2030-2034	4,488,796	807,795	381,204	55,362	5,733,157
2035-2039	2,633,432	226,367	146,568	7,757	3,014,124
	<u>\$ 11,276,555</u>	<u>\$ 2,519,306</u>	<u>\$ 3,063,445</u>	<u>\$ 291,995</u>	<u>\$ 17,151,301</u>

A summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Governmental activities					
General obligation debt	\$ 15,615,000	\$ -	\$ 1,275,000	\$ 14,340,000	\$ 1,290,000
Premium (discount)	(16,441)	-	4,034	(20,475)	17,852
Total bonds payable	<u>15,598,559</u>	<u>-</u>	<u>1,279,034</u>	<u>14,319,525</u>	<u>1,307,852</u>
Financed purchases	294,981	-	97,076	197,905	48,615
Compensated absences	191,620	-	49,328	142,292	8,206
Net OPEB liability	6,976,512	-	3,729,361	3,247,151	-
Net pension liability	7,505,064	-	1,163,782	6,341,282	-
Total	<u>\$ 30,566,736</u>	<u>\$ -</u>	<u>\$ 6,318,581</u>	<u>\$ 24,248,155</u>	<u>\$ 1,364,673</u>
Business-type activities					
Compensated absences	\$ 14,512	\$ -	\$ 3,240	\$ 11,272	\$ -
Net OPEB liability	356,072	-	310,599	45,473	-
Net pension liability	1,500,986	-	156,253	1,344,733	-
Total	<u>\$ 1,871,570</u>	<u>\$ -</u>	<u>\$ 470,092</u>	<u>\$ 1,401,478</u>	<u>\$ -</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 – LEASES

The District has adopted GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the concept that leases are financings of the right to use an underlying asset. This standard requires recognition of lease assets and liabilities for leases with terms greater than 12 months.

The District has recognized a lease asset and a corresponding lease liability for each lease where it is the lessee. The lease assets represent the right to use an asset for a period of time, while the lease liabilities represent the obligation to make lease payments.

The District leases school buses pursuant to these types of leases and, as such, the cost is included with property and equipment. The related lease obligation reflects the present value of future lease payments less an interest amount implicit in the lease.

Class of Property	Cost	Accumulated Depreciation
Vehicles	\$ 1,817,366	\$ 1,751,302

Future minimum payments under the long-term lease obligation, together with the present value of the net minimum lease payments as of June 30, 2024 are, as follows:

Year Ending	KISTA Leases
2025	\$ 53,476
2026	49,672
2027	49,692
2028	24,395
2029	21,811
2030	12,152
Total minimum lease payments	211,198
Lease amount representing interest	(13,293)
Present value of net minimum lease payments	\$ 197,905

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 – CAPITAL LEASES, continued

During the year ended June 30, 2024, the following changes occurred in the capital lease obligations:

	Balance July 1, 2023	Additions	Payments	Balance June 30, 2024	Due in One Year
KISTA 14	\$ 49,622	\$ -	\$ 49,622	\$ -	\$ -
KISTA 17	89,433	-	23,379	66,054	23,971
KISTA 19	65,207	-	11,172	54,035	11,503
KISTA 20	90,719	-	12,903	77,816	13,141
	<u>\$ 294,981</u>	<u>\$ -</u>	<u>\$ 97,076</u>	<u>\$ 197,905</u>	<u>\$ 48,615</u>

NOTE 6 – 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. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$142,292, with \$8,206 considered the short-term portion and \$134,086 considered the long-term portion. Management has estimated that the amount for business-type activities will be approximately \$11,272, with \$0 considered the short-term portion and \$11,272 considered the long-term portion.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – FUND BALANCE REPORTING

The following is a summary of designations of Fund Balance at June 30, 2024:

	General	Special Revenue	Nonmajor Governmental	Total
Nonspendable	\$ 37,506	\$ -	\$ -	\$ 37,506
Restricted				
Capital outlay	-	-	115,165	115,165
Student activity funds	-	-	405,361	405,361
District activity funds	-	-	20,103	20,103
SFCC escrow	-	-	16,046	16,046
Assigned	-	-	-	-
Unassigned	4,014,545	(100)	-	4,014,445
	<u>\$ 4,052,051</u>	<u>\$ (100)</u>	<u>\$ 556,675</u>	<u>\$ 4,608,626</u>

NOTE 8 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Debt Service	Debt Service	\$ 188,642
Capital Outlay	Debt Service	Debt Service	72,119
Special Revenue	Debt Service	Debt Service	6,742
Building Fund	Debt Service	Debt Service	951,405
Special Revenue	Building Fund	ESSER to HVAC Project	55,595
General Fund	Special Revenue	KETS Match	37,942
General Fund	Special Revenue	Community Ed Match	5,000
Food Service	General Fund	Indirect Cost	100,000
Student Activity	District Activity	Operating	48,979
			<u>\$ 1,466,424</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – DEFICIT OPERATING FUND BALANCES/EXCESS APPROPRIATIONS

Special Revenue fund has a deficit fund balance of \$100.

District Activity fund had excess current year expenditures over current year appropriated revenues in the amount of \$643.

Expenditures exceed appropriations in the Special Revenue Fund by \$1,078,652. These over expenditures were funded by greater than anticipated revenues in that fund.

NOTE 10 – ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on behalf of the District for the year ended June 30, 2024:

Health insurance	\$ 3,005,960
Life insurance	3,808
Administrative fee	30,536
Health reimbursement account - HRA/dental/vision	<u>93,538</u>
	3,133,842
Federal reimbursements of health benefits	<u>(243,300)</u>
	2,890,542
KTRS pension and insurance fund	2,998,173
Technology	74,477
SFCC debt service	<u>594,843</u>
	<u><u>\$ 6,558,035</u></u>

The District is not legally responsible for these contributions. These payments are not required to be budgeted by the District. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental activities	
General Fund	\$ 5,857,546
Debt Service Fund	594,843
Business-type activities	
Food Service Fund	<u>105,646</u>
	<u><u>\$ 6,558,035</u></u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – 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 Non-Hazardous (CERS) covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System (TRS) covers positions requiring teaching certification or otherwise requiring a college degree.

General Information about the County Employees Retirement System Non-Hazardous (CERS) Pension Plan

Plan description – Full-time employees whose positions do not require a degree beyond a high school diploma are covered by CERS, a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of the Kentucky Public Pensions Authority (KPPA). The CERS financial statements and other supplementary information are contained in the publicly available annual financial report of the KPPA. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided – CERS provides retirement, death and disability benefits to Plan employees and beneficiaries. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years’ service or 65 years old
	Reduced retirement	At least 5 years’ service and 55 years old
		At least 25 years’ service and any age
	Required contributions	5.00%
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years’ service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years’ service and 60 years old
	Required contributions	5.00% + 1.00% for insurance
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years’ service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available
	Required contributions	5.00% + 1.00% for insurance

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions – Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Public Pensions Authority on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2023, plan members were required to contribute 5% of their annual creditable compensation. Plan members hired subsequent to September 1, 2008 were required to contribute 6% of their annual creditable compensation. The District is required to contribute at an actuarial determined rate. For the fiscal year ended June 30, 2024, participating employers contributed 23.34% of each employee's creditable compensation.

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

At June 30, 2024, The District reported a liability of \$7,686,015 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. For the measurement period ended June 30, 2023, the District's proportion was 0.119785%.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

For the measurement period ended June 30, 2023, the District recognized pension expense of \$306,083. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 397,890	\$ 20,885
Change of assumptions	-	704,429
Net differences between projected and actual earnings on pension plan investments	830,307	935,149
Changes in proportion and difference between District contributions and proportionate share of contributions	1,088	272,244
District contributions subsequent to the measurement date	<u>833,809</u>	<u>-</u>
Total	<u>\$2,063,094</u>	<u>\$1,932,707</u>

For the year ended June 30, 2024, \$833,809 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

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

Years Ending June 30	
2024	\$(404,408)
2025	(396,186)
2026	171,583
2027	(74,411)
2028	-
Thereafter	-
Total	<u><u>\$(703,422)</u></u>

Actuarial assumptions – For financial reporting, the actuarial valuation as of June 30, 2023 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2023 using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and included a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022”. The total pension liability as of June 30, 2023 is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on or after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member’s monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact on the total pension liability of the hazardous plan. Similarly, this is a relatively small change for future retirees in the nonhazardous plans.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans is determined using these updated provisions.

Based on the June 30, 2023 actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions are below.

Determined by the Actuarial Valuation as of:	June 30, 2021
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 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

Long-term rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Term Inflation Assumption	100%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount rate – The single discount rate used to measure the total pension liability for the fiscal plan year ending June 30, 2023 was 6.50% for nonhazardous and hazardous employees. The projection of cash flows used to determine the single discount rate for each plan must include an assumption regarding actual employer contributions made each future year. Except where noted below, future contributions are projected assuming that each participating employer in each pension plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employee contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. The discount rate determination does not use a municipal bond rate.

Sensitivity of the District’s proportionate share of 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 rates selected by the pension system, 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.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

	1% Decrease	Current	1% Increase
	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 9,704,058	\$ 7,686,015	\$ 6,008,945

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

Payable to the pension plan – At June 30, 2024, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

General Information about the Teachers’ Retirement System of the State of Kentucky (KTRS) 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://trs.ky.gov/financial-reports-information/>.

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

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

Participants who 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 2.00% (service prior to July 1, 1983) and 2.50% percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2.00% of their final average salary for each year of service if, upon retirement, their total service was less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.50% of their final average salary for each year of service, including the first ten years. In addition, members 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 2.50% to 3.00% 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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

For participants hired on or after January 1, 2022, conditions for retirement are attainment of age of fifty-seven (57) and ten (10) years of service or age sixty-five (65) and five (5) years of service. The annual foundational benefit for non-university participants is equal to service times a multiplier times final average salary. The multiplier ranges from 1.70% to 2.40% based on age and years of service.

Age	Years of Service			
	5-9.99	10-19.99	20-29.99	30 or more
57-60	-	1.70%	1.95%	2.20%
61	-	1.74%	1.99%	2.24%
62	-	1.78%	2.03%	2.28%
63	-	1.82%	2.07%	2.32%
64	-	1.86%	2.11%	2.36%
65 and over	1.90%	1.90%	2.15%	2.40%

The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the participant would have completed 30 years of service.

Final average salary is defined as the member's five (5) highest salaries for those with less than 27 years of service. Members 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 members 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 members and \$5,000 for retired or disabled members.

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). For members who began participating before January 1, 2022, non-university members are required to contribute 12.855% of their salaries to the System. For members employed by local school districts, the Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105% of salaries for those who joined before July 1, 2008 and 14.105% for those who joined on or after July 1, 2008, and before January 1, 2022. For members who began participating on or after January 1, 2022, non-university members contribute 14.75% of their salaries to the system. Employers of non-university members, including the Commonwealth of Kentucky, as a non-employer contributing entity, contribute 10.75% of salaries. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

At June 30, 2024, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District:

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

District's proportionate share of KTRS net pension liability associated with the District	\$	-
State's proportionate share of KTRS net pension liability associated with the District		<u>45,954,567</u>
Total	\$	<u><u>45,954,567</u></u>

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2022 to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles. The District's proportion of the net pension liability 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.

For the measurement period ended June 30, 2023, the District recognized pension expense of (\$6,103,915) and revenue of \$6,103,915 for support provided by the State in the government-wide statements.

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%	
Investment rate of return	7.10%, net of pension plan investment expense, including inflation	
Projected salary increases	3.00 - 7.50%	
Municipal bond index rate	3.66%	
Single equivalent interest rate	7.10%	
Post-retirement benefit increases	1.50% annually	

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks 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 TRS 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 rate of return – The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – PENSION PLANS, continued

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.70%	5.50%
Emerging Markets Equity	5.30%	6.10%
Fixed Income	15.00%	1.90%
High Yield Bonds	5.00%	3.80%
Other Additional Categories	5.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Total	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of KTRS.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the County Employees Retirement System Non-Hazardous (CERS) OPEB Plan

Plan description – The Kentucky Public Pensions Authority (KPPA) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from KERS and CERS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Benefits provided – The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city and school board and any additional eligible local agencies electing to participate in the System. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Implicit subsidy – KPPA pays fully insured premiums for the Kentucky Health Plan. The premiums are blended rates based on the combined experience of active and retired members. Because the average cost of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2024, required contribution was 0.00% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2024 were \$0.

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

At June 30, 2024, the District reported a liability of (\$165,376) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2023, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. For the measurement period ended June 30, 2023, the District's proportion was 0.119780%.

For the measurement period ended June 30, 2023, the District recognized OPEB expense of (\$336,830).

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,292	\$2,348,178
Changes of assumptions	325,449	226,805
Net difference between projected and actual earnings on pension plan investments	309,495	347,876
Changes in proportion and difference between District contributions and proportionate share of contributions	11,072	118,303
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 761,308</u>	<u>\$3,041,162</u>

For the year ended June 30, 2024, \$0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2024	\$ (559,666)
2025	(701,705)
2026	(546,872)
2027	(471,611)
2028	-
Thereafter	<u>-</u>
Total	<u>\$ (2,279,854)</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Actuarial assumptions – The total OPEB liability, net OPEB liability and sensitivity information in the June 30, 2023 actuarial valuation was based on an actuarial valuation date of June 30, 2022. 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. The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experiences Study for the Period Ending June 30, 2022”. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the nonhazardous plan. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023, for the nonhazardous plan is determined using these updated benefit provisions.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Determined by the	
Actuarial Valuation as of:	June 30, 2021
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 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Cost Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023 and 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.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

The actuarial assumption used in the June 30, 2023 valuation were based on the results of an actuarial experience study by Gabriel Roeder Smith (GRS) for a five year period ending June 30, 2022.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Long-term expected rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real 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 rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Term Inflation Assumption	100%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2023 was 5.93% for CERS Non-hazardous plans. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. 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 to be 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’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028 for the CERS plans.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of net OPEB liability	4.93%	5.93%	6.93%
	\$ 310,348	\$ (165,376)	\$ (563,737)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were 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 Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ (530,060)	\$ (165,376)	\$ 282,603

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority's Comprehensive Annual Financial Report on the KPPA website at www.kyret.ky.gov.

Payable to the OPEB plan – At June 30, 2024, the District reported a payable of \$0 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2024.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

General Information about the Teachers' Retirement System of Kentucky (KTRS) OPEB Plan

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

The state reports a liability, deferred outflows of resources, deferred inflows of resources and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans:

Medical Insurance Plan

Plan description – In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three-quarters percent (3.75%) is paid by member contributions, three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2024, the District reported a liability of \$3,458,000 for its proportionate share of the net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. For the measurement period ended June 30, 2023, the District's proportion was 0.141994%.

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

District's proportionate share of net OPEB liability	\$3,458,000
State's proportionate share of net OPEB liability associated with the District	<u>2,915,000</u>
Total	<u>\$6,373,000</u>

For the measurement period ended June 30, 2023, the District recognized OPEB expense of (\$56,000) and revenue of \$25,000 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,172,000
Changes of assumptions	786,000	-
Net difference between projected and actual earnings on pension plan investments	65,000	-
Changes in proportion and difference between District contributions and proportionate share of contributions	1,156,000	1,358,000
District contributions subsequent to the measurement date	<u>276,629</u>	<u>-</u>
Total	<u>\$2,283,629</u>	<u>\$2,530,000</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$276, 629 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2025	\$ (183,000)
2026	(158,000)
2027	49,000
2028	13,000
2029	(116,000)
Thereafter	<u>(128,000)</u>
Total	<u>\$ (523,000)</u>

Actuarial assumptions – The total KTRS OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Projected salary increases	3% - 7.5%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Long-term investment rate of return	
Net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal bond index rate	3.66%
Single Equivalent interest rate net of OPEB plan investment expense	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Care Cost Trends	
Medical Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.5% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 with an ultimate rate of 4.5% by FYE 2034

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the TRS board on September 20, 2021.

The remaining actuarial assumptions used in the June 30, 2022 valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The healthcare cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed Internation Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Other Additional Categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	8.50%	8.00%
Cash	1.00%	1.60%
Total	<u>100.00%</u>	

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Discount rate – The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2022. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan’s fiduciary net position was not projected to be depleted.

Sensitivity of the District’s proportionate share of the collective net OPEB liability to changes in the discount rate – The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 4,448,000	\$ 3,458,000	\$ 2,640,000

Sensitivity of the District’s proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were 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 Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,490,000	\$ 3,458,000	\$ 4,665,000

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

Life Insurance Plan

Plan description – TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Benefits provided – TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability if hired prior to January 1, 2022. TRS provides a life insurance benefit of \$10,000 for its members who retire based on service or disability if hired on or after January 1, 2022. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members if hired prior to January 1, 2022. TRS provides a life insurance benefit of \$5,000 payable for its active contributing members if hired on or after January 1, 2022. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

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

At June 30, 2024, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amounts recognized by the District as its proportionate share of the OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of net OPEB liability	\$	-
State's proportionate share of net OPEB liability associated with the District		72,000
Total	\$	72,000

For the measurement period ended June 30, 2023, the District recognized OPEB expense of \$0 and revenue of \$0 for support provided by the State in the government-wide financial statements.

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	3.66%
Discount rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with various set-forwards, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2022, 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 published weekly by the Board of Governors of the Federal Reserve System.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	40.00%	5.20%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Other additional categories	5.00%	4.00%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Cash	<u>2.00%</u>	1.60%
Total	<u><u>100.00%</u></u>	

Discount rate – The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF's fiduciary net position was not projected to be depleted.

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

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – CONTINGENCIES

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 14 – INSURANCE AND RELATED ACTIVITIES

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

NOTE 15 – RISK MANAGEMENT AND LITIGATION

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

The District purchases unemployment insurance through the Kentucky School Boards' Association; however, risk has not been transferred. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial statements.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 16 – COBRA

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

The District has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

The General Fund extends short-term cash flow loans to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations. There were no interfund receivables or interfund payables as of June 30, 2024.

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS

Implemented

In June 2022, the GASB issued statement No. 100, *Accounting Changes and Error Corrections*. This statement improves the accounting and financial reporting requirements for accounting changes and error corrections to enhance the relevance and comparability of financial information. The requirements of this Statement are effective for fiscal years after June 15, 2023. Adoption of this statement did not have a significant impact on the District's financial position or results of operations.

Recent pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance of compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Management has not yet considered the impacts of this statement.

REQUIRED SUPPLEMENTARY INFORMATION

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 3,237,081	\$ 3,237,081	\$ 3,585,053	\$ 347,972
Motor vehicle	645,111	645,111	725,426	80,315
Utilities	805,991	805,991	811,910	5,919
Other	7,158	7,158	9,030	1,872
Earnings on investments	125,000	125,000	282,413	157,413
Other local revenues	43,872	43,872	51,228	7,356
Intergovernmental - state	9,503,822	9,503,822	9,887,535	383,713
Intergovernmental - federal	52,000	52,000	83,031	31,031
	<u>14,420,035</u>	<u>14,420,035</u>	<u>15,435,626</u>	<u>1,015,591</u>
EXPENDITURES				
Current				
Instruction	8,009,813	8,009,813	7,266,703	743,110
Support services				
Student	1,189,662	1,189,662	1,159,569	30,093
Instructional staff	639,470	639,470	503,173	136,297
District administration	793,748	793,748	279,962	513,786
School administration	1,319,189	1,319,189	1,289,489	29,700
Business	454,635	454,635	494,738	(40,103)
Plant operations and maintenance	3,154,631	3,154,631	2,986,122	168,509
Student transportation	1,576,821	1,576,821	1,211,201	365,620
Community service activities	50	50	(4,500)	4,550
Contingency	894,237	894,237	-	894,237
	<u>18,032,256</u>	<u>18,032,256</u>	<u>15,186,457</u>	<u>2,845,799</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,612,221)</u>	<u>(3,612,221)</u>	<u>249,169</u>	<u>3,861,390</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	28,675	28,675	29,323	648
Transfers in	100,000	100,000	100,000	-
Transfers (out)	(231,584)	(231,584)	(231,584)	-
	<u>(102,909)</u>	<u>(102,909)</u>	<u>(102,261)</u>	<u>648</u>
Total other financing sources (uses)	<u>(102,909)</u>	<u>(102,909)</u>	<u>(102,261)</u>	<u>648</u>
Net change in fund balance	(3,715,130)	(3,715,130)	146,908	3,862,038
Fund balance, beginning of year	<u>3,715,130</u>	<u>3,715,130</u>	<u>3,905,143</u>	<u>190,013</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,052,051</u>	<u>\$ 4,052,051</u>

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES				
From local sources				
Other local revenues	\$ 2,000	\$ 2,000	\$ 12,283	\$ 10,283
Intergovernmental - state	1,038,358	1,046,209	1,040,507	(5,702)
Intergovernmental - federal	<u>2,387,878</u>	<u>2,640,378</u>	<u>3,736,499</u>	<u>1,096,121</u>
Total revenues	<u>3,428,236</u>	<u>3,688,587</u>	<u>4,789,289</u>	<u>1,100,702</u>
EXPENDITURES				
Current				
Instruction	1,778,750	1,786,601	2,729,836	(943,235)
Support services				
Student	378,085	378,085	86,797	291,288
Instructional staff	881,202	1,133,702	1,294,380	(160,678)
Business	1,000	1,000	1,675	(675)
Plant operations and maintenance	10,161	10,161	26,059	(15,898)
Student transportation	-	(287)	211,946	(212,233)
Community service activities	<u>381,980</u>	<u>381,980</u>	<u>419,201</u>	<u>(37,221)</u>
Total expenditures	<u>3,431,178</u>	<u>3,691,242</u>	<u>4,769,894</u>	<u>(1,078,652)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,942)</u>	<u>(2,655)</u>	<u>19,395</u>	<u>22,050</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	42,942	42,942	42,942	-
Transfers (out)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(62,337)</u>	<u>(22,337)</u>
Total other financing sources (uses)	<u>2,942</u>	<u>2,942</u>	<u>(19,395)</u>	<u>(22,337)</u>
Net change in fund balance	-	287	-	(287)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>(100)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 287</u>	<u>\$ (100)</u>	<u>\$ (387)</u>

**WEBSTER COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET AND ACTUAL
JUNE 30, 2024**

NOTE 1 – BUDGETARY INFORMATION

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. The working budget was amended during the year.

Reconciliation to the General Fund

Revenues - budgetary basis	\$ 15,435,623
On-behalf payments	<u>5,857,547</u>
 Total revenues - modified cash basis	 <u><u>\$ 21,293,170</u></u>
 Expenditures - budgetary basis	 \$ 15,334,521
On-behalf payments	<u>5,857,547</u>
 Total expenditures - modified cash basis	 <u><u>\$ 21,192,068</u></u>

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of net pension liability	0.119785%	0.124582%	0.126650%	0.126343%	0.123210%
District's proportionate share of net pension liability	\$7,686,015	\$9,006,050	\$8,074,931	\$9,690,404	\$8,665,414
District's covered-employee payroll	\$3,500,777	\$3,465,202	\$3,279,958	\$3,237,390	\$3,097,734
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	219.55%	259.90%	246.19%	299.33%	279.73%
Plan fiduciary net position as a percentage of total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
District's proportion of net pension liability	0.122555%	0.119764%	0.120630%	0.113760%	0.119530%
District's proportionate share of net pension liability	\$7,463,973	\$7,010,155	\$5,939,134	\$4,891,090	\$3,964,600
District's covered-employee payroll	\$3,051,541	\$2,915,437	\$2,845,728	\$2,671,990	\$2,733,755
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	244.60%	240.45%	208.70%	183.05%	145.02%
Plan fiduciary net position as a percentage of total pension liability	54.54%	53.30%	55.50%	59.97%	66.80%

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 833,809	\$ 819,182	\$ 733,583	\$ 633,032	\$ 624,816
Contributions in relation to the contractually required contribution	<u>833,809</u>	<u>819,182</u>	<u>733,583</u>	<u>633,032</u>	<u>624,816</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$3,572,447	\$3,500,777	\$3,465,202	\$3,279,958	\$3,237,390
Contributions as a percentage of covered-employee payroll	23.34%	23.40%	21.17%	19.30%	19.30%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contribution	\$ 502,453	\$ 441,863	\$ 544,604	\$ 485,482	\$ 472,141
Contributions in relation to the contractually required contribution	<u>502,453</u>	<u>441,863</u>	<u>544,604</u>	<u>485,482</u>	<u>472,141</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$3,097,734	\$3,051,541	\$2,915,437	\$2,845,728	\$2,671,990
Contributions as a percentage of covered-employee payroll	16.22%	14.48%	13.95%	12.42%	12.75%

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

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

2023: No changes in benefit terms.
2022: No changes in benefit terms.
2021: No changes in benefit terms.
2020: No changes in benefit terms.
2019: No changes in benefit terms.
2018: No changes in benefit terms.
2017: No changes in benefit terms.
2016: No changes in benefit terms.
2015: No changes in benefit terms.

Changes in assumptions

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

2023: The CERS board of Trustees adopted new actuarial assumptions on May 9, 2023 and included a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". The total pension liability as of June 30, 2023, is determined using these updated assumptions.

2022: No changes.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who became "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not affect the calculation of total pension liability and only affects the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted with removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the total pension liability to reflect this legislation.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in assumptions, continued

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the total pension liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the total pension liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 45,954,567	\$ 46,041,279	\$ 35,934,370	\$ 38,095,231	\$ 37,140,226
District's covered-employee payroll	\$ 10,030,867	\$ 9,856,031	\$ 9,451,064	\$ 9,122,924	\$ 9,103,181
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	57.68%	56.41%	65.59%	58.27%	58.76%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 35,507,401	\$ 72,432,356	\$ 79,598,961	\$ 62,295,529	\$ 56,319,829
District's covered-employee payroll	\$ 8,935,838	\$ 8,679,401	\$ 8,698,096	\$ 8,473,221	\$ 8,590,602
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	59.30%	39.83%	35.22%	42.49%	45.59%

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 10,142,283	\$ 10,030,867	\$ 9,856,031	\$ 9,475,105	\$ 9,122,924
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,103,181	\$ 8,935,838	\$ 8,679,401	\$ 8,698,096	\$ 8,473,221
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

Changes in benefit terms

2023: No changes in benefit terms.

2022: A new benefit tier was added for members joining the System on and after January 1, 2022.

Changes in assumptions

2023: No changes in assumptions.

2022: No changes in assumptions.

2021: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) results in an assumption change from 7.50% to 7.10%.

2020: No changes in assumptions.

2019: No changes in assumptions.

2018: The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumptions change from 4.49% to 7.50%.

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

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

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

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

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of collective net OPEB liability	0.119780%	0.124579%	0.126620%	0.126319%	0.123209%
District's proportionate share of collective net OPEB liability	\$ (165,376)	\$ 2,458,584	\$ 2,424,077	\$ 3,050,220	\$ 2,072,320
District's covered-employee payroll	\$ 3,500,777	\$ 3,465,202	\$ 3,279,958	\$ 3,237,390	\$ 3,097,734
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	-4.72%	70.95%	73.91%	94.22%	66.90%
Plan fiduciary net position as a percentage of total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>			
District's proportion of collective net OPEB liability	0.122550%	0.011976%			
District's proportionate share of collective net OPEB liability	\$ 2,175,851	\$ 2,407,666			
District's covered-employee payroll	\$ 3,051,541	\$ 2,915,437			
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	71.30%	82.58%			
Plan fiduciary net position as a percentage of total OPEB liability	52.62%	52.40%			

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ 118,676	\$ 200,289	\$ 156,126	\$ 154,100
Contributions in relation to the contractually required contribution	<u>-</u>	<u>118,676</u>	<u>200,289</u>	<u>156,126</u>	<u>154,100</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$3,572,447	\$3,500,777	\$3,465,202	\$3,279,958	\$3,237,390
Contributions as a percentage of covered-employee payroll	0.00%	3.39%	5.78%	4.76%	4.76%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>			
Contractually required contribution	\$ 162,941	\$ 143,421			
Contributions in relation to the contractually required contribution	<u>162,941</u>	<u>143,421</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$3,097,734	\$3,051,541			
Contributions as a percentage of covered-employee payroll	5.26%	4.70%			

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Notes to Schedule

Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Changes in benefit terms

2023: No changes in benefit terms.

2022: No changes in benefit terms.

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms (other than the blended discount rate used to calculate the total OPEB liability).

Changes in assumptions

2023: The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experiences Study for the Period Ending June 30, 2022”. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The total OPEB liability as of June 30, 2023, is determined using these updated assumptions.

2022: The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.20%. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%.

2021: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 12 of the financial statements. During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of total pension liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in assumptions, continued

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The total OPEB liability as of June 30, 2019 is determined using these updated assumptions.

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the total OPEB liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of collective net OPEB liability	0.141994%	0.196325%	0.147196%	0.145170%	0.145170%
District's proportionate share of collective net OPEB liability	\$ 3,458,000	\$ 4,874,000	\$ 3,158,000	\$ 3,633,000	\$ 4,249,000
State's proportionate share of collective net OPEB liability	\$ 2,915,000	\$ 1,601,000	\$ 2,565,000	\$ 2,910,000	\$ 3,431,000
District's covered-employee payroll	\$ 8,972,533	\$ 8,679,754	\$ 8,708,697	\$ 8,473,589	\$ 8,425,944
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	71.03%	74.60%	65.72%	42.87%	50.43%
Plan fiduciary net position as a percentage of total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>			
District's proportion of collective net OPEB liability	0.140247%	0.141923%			
District's proportionate share of collective net OPEB liability	\$ 4,866,000	\$ 5,061,000			
State's proportionate share of collective net OPEB liability	\$ 4,194,000	\$ 4,134,000			
District's covered-employee payroll	\$ 8,327,383	\$ 7,960,182			
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	58.43%	63.58%			
Plan fiduciary net position as a percentage of total OPEB liability	25.50%	21.18%			

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 276,629	\$ 269,092	\$ 260,211	\$ 261,263	\$ 254,210
Contributions in relation to the contractually required contribution	<u>276,629</u>	<u>269,092</u>	<u>260,211</u>	<u>261,263</u>	<u>254,210</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$8,679,754	\$8,972,533	\$8,679,754	\$8,708,697	\$8,473,589
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%
 <u>For the year ended June 30</u>	 <u>2019</u>	 <u>2018</u>			
Contractually required contribution	\$ 252,832	\$ 249,824			
Contributions in relation to the contractually required contribution	<u>252,832</u>	<u>249,824</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$8,425,944	\$8,327,383			
Contributions as a percentage of covered-employee payroll	3.00%	3.00%			

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>As of June 30</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 72,000	\$ 80,000	\$ 34,000	\$ 88,000	\$ 80,000
District's covered-employee payroll	\$8,972,533	\$8,679,754	\$8,708,697	\$8,473,589	\$8,425,944
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%
 <u>As of June 30</u>	 <u>2019</u>	 <u>2018</u>			
District's proportion of collective net OPEB liability	0.000000%	0.000000%			
District's proportionate share of collective net OPEB liability	\$ -	\$ -			
State's proportionate share of collective net OPEB liability	\$ 72,000	\$ 55,000			
District's covered-employee payroll	\$8,327,383	\$7,960,182			
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%			
Plan fiduciary net position as a percentage of total OPEB liability	75.00%	79.99%			

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$9,221,257	\$8,972,533	\$8,679,754	\$8,708,697	\$8,473,589
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
<u>For the year ended June 30</u>	<u>2019</u>	<u>2018</u>			
Contractually required contribution	\$ -	\$ -			
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$8,425,944	\$8,327,383			
Contributions as a percentage of covered-employee payroll	0.00%	0.00%			

See accompanying notes to the required supplementary information

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
KENTUCKY TEACHERS’ RETIREMENT SYSTEM (KTRS)**

Notes to Schedule

Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Medical Insurance Fund

Changes in benefit terms

2023: No changes in benefit terms.

2022: A new benefit term was added for members joining the System on and after January 1, 2022.

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP “shared responsibility” contributions, the costs of the NSS related to the KEHP-participating members who retired on or after July 1, 2010.

Changes in assumptions

2023: The health care trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

2022: The health care trend rates were updated to reflect future anticipated experience.

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 8.00% to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)**

Life Insurance Fund

Changes in benefit terms

2023: No changes in benefit terms.

2022: A new benefit term was added for members joining the System on and after January 1, 2022.

Changes in assumptions

2023: The TRS 4 retirement decrements were updated to reflect future anticipated experience.

2022: None

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

OTHER SUPPLEMENTARY INFORMATION

**WEBSTER COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	FSPK	SEEK Capital Outlay	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
ASSETS						
Cash and cash equivalents	\$ 16,046	\$ 115,165	\$ -	\$ 20,103	\$ 405,361	\$ 556,675
Total assets and resources	<u>\$ 16,046</u>	<u>\$ 115,165</u>	<u>\$ -</u>	<u>\$ 20,103</u>	<u>\$ 405,361</u>	<u>\$ 556,675</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Spendable						
Restricted	16,046	115,165	-	20,103	405,361	556,675
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>16,046</u>	<u>115,165</u>	<u>-</u>	<u>20,103</u>	<u>405,361</u>	<u>556,675</u>
Total liabilities and fund balances	<u>\$ 16,046</u>	<u>\$ 115,165</u>	<u>\$ -</u>	<u>\$ 20,103</u>	<u>\$ 405,361</u>	<u>\$ 556,675</u>

**WEBSTER COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

	FSPK	SEEK Capital Outlay	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
REVENUES						
From local sources						
Taxes						
Property	\$ 424,272	\$ -	\$ -	\$ -	\$ -	\$ 424,272
Earnings on investments	-	-	-	-	23,463	23,463
Student activities	-	-	-	-	425,090	425,090
Other local revenues	-	-	-	-	241,982	241,982
Intergovernmental - state	527,133	187,284	594,843	-	-	1,309,260
Total revenues	951,405	187,284	594,843	-	690,535	2,424,067
EXPENDITURES						
Instruction	-	-	-	36,462	549,683	586,145
Support services						
Instructional staff	-	-	-	7,911	6,952	14,863
Plant operations and maintenance	-	-	-	5,249	179	5,428
Student transportation	-	-	-	-	18,136	18,136
Other instructional	-	-	-	-	5,450	5,450
Other non-instructional	-	-	-	-	30,252	30,252
Building Improvement	55,595	-	-	-	-	55,595
Debt service	-	-	1,813,751	-	-	1,813,751
Total expenditures	55,595	-	1,813,751	49,622	610,652	2,529,620

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

	FSPK	SEEK Capital Outlay	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
Excess (deficit) of revenues over (under) expenditures	895,810	187,284	(1,218,908)	(49,622)	79,883	(105,553)
OTHER FINANCING SOURCES (USES)						
Transfers in	55,595	-	1,218,908	48,979	-	1,323,482
Transfers (out)	(951,405)	(72,119)	-	-	(48,979)	(1,072,503)
Total other funding sources (uses)	(895,810)	(72,119)	1,218,908	48,979	(48,979)	250,979
Net change in fund balances	-	115,165	-	(643)	30,904	145,426
Fund balances, beginning of year	16,046	-	-	20,746	374,457	411,249
Fund balances, end of year	<u>\$ 16,046</u>	<u>\$ 115,165</u>	<u>\$ -</u>	<u>\$ 20,103</u>	<u>\$ 405,361</u>	<u>\$ 556,675</u>

**WEBSTER COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash Balance July 1, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2024
Webster County High School	\$ 250,286	\$ 512,616	\$ 490,967	\$ 271,935	\$ -	\$ -	\$ 271,935
Webster County Middle School	37,205	91,683	80,219	48,669	-	-	48,669
Clay Elementary	24,958	24,162	24,166	24,954	-	-	24,954
Dixon Elementary	43,753	25,607	26,799	42,561	-	-	42,561
Providence Elementary	11,348	18,676	20,778	9,246	-	-	9,246
Sebree Elementary	6,907	35,009	33,920	7,996	-	-	7,996
Total	\$ 374,457	\$ 707,753	\$ 676,849	\$ 405,361	\$ -	\$ -	\$ 405,361

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
WEBSTER COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Cash Balance</u> <u>July 1, 2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance</u> <u>June 30, 2024</u>	<u>Accounts</u> <u>Receivable</u>	<u>Accounts</u> <u>Payable</u>	<u>Due to</u> <u>Student Groups</u> <u>June 30, 2024</u>
General	\$ 24,479	\$ 34,435	\$ 26,032	\$ 32,882	\$ -	\$ -	\$ 32,882
Sunrise/FF	2	-	-	2	-	-	2
Bookstore	2,920	-	-	2,920	-	-	2,920
Teacher's Lounge	996	960	1,511	445	-	-	445
Dr. Pepper	400	-	180	220	-	-	220
Renaissance	1,101	8,524	7,450	2,175	-	-	2,175
Academic Team	108	915	1,008	15	-	-	15
Guidance	690	25	463	252	-	-	252
PBIS	556	-	224	332	-	-	332
Project Graduation	5,181	7,845	12,294	732	-	-	732
Scholarships	19,681	10,600	15,600	14,681	-	-	14,681
Senior Class Trip	2,014	73,739	68,435	7,318	-	-	7,318
Chromebook	1,099	21,276	17,641	4,734	-	-	4,734
Prom	6,491	9,296	6,370	9,417	-	-	9,417
Textbook Rental	10,136	9,255	3,910	15,481	-	-	15,481
College Bd	3,397	2,043	2,910	2,530	-	-	2,530
Archery	7,375	8,833	8,992	7,216	-	-	7,216
Athletics	52,751	110,891	112,344	51,298	-	-	51,298
Band	6,830	14,467	16,689	4,608	-	-	4,608
Baseball	672	2,000	2,524	148	-	-	148
BB Boys	(1,171)	5,229	3,924	134	-	-	134

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
WEBSTER COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash Balance July 1, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2024
BB Girls	270	11,356	7,469	4,157	-	-	4,157
CC Boys	10	-	-	10	-	-	10
Cheer	365	17,352	13,215	4,502	-	-	4,502
CC Girls	23	-	-	23	-	-	23
Football	3,905	2,745	3,338	3,312	-	-	3,312
Boy's Golf	4,364	3,025	2,958	4,431	-	-	4,431
Girl's Golf	320	2,435	1,546	1,209	-	-	1,209
Soccer Girls	364	330	214	480	-	-	480
Softball	3,130	7,510	9,482	1,158	-	-	1,158
Tennis Boys	1,463	50	275	1,238	-	-	1,238
Track Boys	1,355	2,762	280	3,837	-	-	3,837
Volleyball	1,855	-	75	1,780	-	-	1,780
Track Girls	1,131	355	130	1,356	-	-	1,356
Soccer Boys	343	2,626	4,014	(1,045)	-	-	(1,045)
Tennis Girls	1,315	50	704	661	-	-	661
Dance	1,507	9,230	8,187	2,550	-	-	2,550
Color Guard	50	-	-	50	-	-	50
Powerlifting	50	3,078	2,755	373	-	-	373
Ag Ed	1,713	2,840	62	4,491	-	-	4,491
Annual	11,194	14,080	18,796	6,478	-	-	6,478
Culinary Skills	383	585	375	593	-	-	593
English	875	168	226	817	-	-	817
FACS	-	220	-	220	-	-	220

Continued

**WEBSTER COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
WEBSTER COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2024**

	Cash Balance July 1, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2024
Greenhouse	42,502	12,915	10,395	45,022	-	-	45,022
Science	1,479	3,694	1,476	3,697	-	-	3,697
Library	535	65	120	480	-	-	480
Math	111	-	76	35	-	-	35
PE	353	30	-	383	-	-	383
Practical Living/Parenting	585	1,295	207	1,673	-	-	1,673
Beta	3,304	6,840	7,496	2,648	-	-	2,648
FCA	2,580	2,420	2,415	2,585	-	-	2,585
FCCLA	2,969	5,377	4,870	3,476	-	-	3,476
FFA	6,206	21,559	24,630	3,135	-	-	3,135
Theatre	1,718	33	455	1,296	-	-	1,296
Latino Alliance Club	1,183	165	361	987	-	-	987
Pep Club	1,627	1,380	1,216	1,791	-	-	1,791
Art Club	1,613	4,641	5,517	737	-	-	737
FMD	70	5,368	5,521	(83)	-	-	(83)
Smile Club	624	1,902	2,098	428	-	-	428
STLP	501	2,535	1,064	1,972	-	-	1,972
Ed Rising/EDU	164	531	494	201	-	-	201
Winter Wishes	379	-	-	379	-	-	379
Money Skills	90	-	28	62	-	-	62
Start up Change	-	1,400	1,400	-	-	-	-
DAF Instruction	-	6,970	6,970	-	-	-	-
DAF Athletics	-	32,366	31,556	810	-	-	810
Totals	\$ 250,286	\$ 512,616	\$ 490,967	\$ 271,935	\$ -	\$ -	\$ 271,935

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures
U. S. Department of Education			
Passed through State Department of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	3810002-24	\$ 128,439
	84.027	3810002-23	493,732
COVID-19: Special Education - Grants to States	84.027	4910002-21	5,722
Special Education - Preschool Grants	84.173	3800002-24	28,230
	84.173	3800002-23	11,771
	84.173	3800002-22	<u>82</u>
Total Special Education Cluster			\$ 667,976
Title I Grants to Local Education Agencies	84.010	3100002-24	545,806
	84.010	3100002-23	92,076
	84.010	3100002-22	<u>382</u>
			638,264
Migrant Education State Grant Program	84.011	3110002-24	118,300
	84.011	3110002-23	41,210
	84.011	3110002-22	<u>40,968</u>
			200,478
Career and Technical Education - Basic Grants to States	84.048	3710002-24	13,556
Twenty-First Century Community Learning Center	84.287	3400002-24	177,944
	84.287	3400002-23	<u>23,475</u>
			201,419
Rural Education	84.358	3140002-24	62,655
	84.358	3140002-23	<u>9,668</u>
			72,323
English Language Acquisition State Grants	84.365	3300002-24	30,019
	84.365	3300002-23	<u>1,294</u>
			31,313
Supporting Effective Instruction State Grants	84.367	3230002-24	78,328
	84.367	3230002-23	<u>18,683</u>
			97,011
Striving Readers Comprehensive Literacy	84.371C	3220002-23	188,097
Student Support and Academic Enrichment Program	84.424	3420002-23	9,056
	84.424	3420002-22	2,903
	84.424	3420002-24	35,232
	84.424F	3860002-22	<u>22,920</u>
			70,111
COVID-19: Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425	4200002-21	90,166
	84.425	4300002-21	1,271,825
	84.425	4980001-21	31,404
	84.425U	4300005-21	<u>10,823</u>
			1,404,218
Total U. S. Department of Education			<u>3,584,766</u>

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures
U. S. Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005-24	503,377
	10.553	7760005-23	134,092
National School Lunch Program	10.555	7750002-24	912,015
	10.555	7750002-23	240,298
Summer Food Service Program for Children	10.559	7690024-24	191
	10.559	7690024-23	2,096
	10.559	7740023-24	1,868
	10.559	7740023-23	<u>20,219</u>
Total Child Nutrition Cluster			1,814,156
Child and Adult Care Food Program	10.558	7790021-24	21,480
	10.558	7790021-23	4,152
	10.558	7800016-24	1,491
	10.558	7800016-23	<u>288</u>
			27,411
State Administrative Expenses for Child Nutrition	10.560	7700001-23	5,576
Other U. S. Department of Agriculture Programs:			
Fruit & Vegetable Program	10.555	Direct	<u>75,947</u>
Total U.S. Department of Agriculture			<u>1,923,090</u>
U. S. Department of Health and Human Services			
Drug - Free Communities Support Program Grants	93.276	Direct	<u>151,738</u>
Total U. S. Department of Health and Human Services			<u>151,738</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,659,594</u></u>

See Notes to Schedule of Expenditures of Federal Awards

**WEBSTER COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Webster County School District (District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts 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 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

The District has elected to use indirect cost rates as defined by the grantor in the following program:

Child Nutrition Cluster

The District has elected to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance. The District's rate was 17.57%.

NOTE 5 – COMMODITIES

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

INTERNAL CONTROL AND COMPLIANCE

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA



DGA, PSC

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Webster County School District
Dixon, 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 and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Webster County School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 7, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Webster County School District in a separate report dated November 7, 2024.

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.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 7, 2024

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA



DGA, PSC

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Webster County School District
Dixon, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Webster 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, 2024. The District's major federal programs are identified in the summary of auditors' 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 federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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 for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 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* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 7, 2024

**WEBSTER COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Summary of Auditors' Results

Financial Statements

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

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

Major federal programs:

<u>Program Title</u>	<u>Federal Prefix ALN</u>
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Child and Adult Care Food Program	10.558
Summer Food Service Program for Children	10.559

Dollar threshold to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? X yes ___ no

Findings – Financial Statement Audits

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**WEBSTER COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA



DGA, PSC

CERTIFIED PUBLIC ACCOUNTANTS

4443 CANTON PIKE
HOPKINSVILLE, KY 42240
270-886-6355

709 E. 4TH ST.
RUSSELLVILLE, KY 42276
270-726-9621

November 7, 2024

Kentucky State Committee
for School District Audits
Members of the Board of Education
Webster County School District
Dixon, Kentucky

In planning and performing our audit of the financial statements of Webster County School District (District) for the year ended June 30, 2024, 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 the internal control.

However, during our audit, we became aware of some matters that are 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 memorandum. A separate report dated November 7, 2024 contains our report on the District's internal control. This letter does not affect our report dated November 7, 2024 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 recommendations with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

This report is intended solely for the information and use of management, the members of the Webster County Board of Education, others within the District, the Kentucky Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**WEBSTER COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

WEBSTER COUNTY HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for sales collection forms.

Condition – Form F-SA-17 Sales from Concessions/Bookstore/Pencil Machine Form was not prepared for fundraisers.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – Greenhouse sales and sales of purchased merchandise requires the use of the F-SA-17 Sales from Concessions/Bookstore/Pencil Machine Form.

Views of Responsible Officials – Form F-SA-17 will be completed for greenhouse sales in the future

- II. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-5 Monthly Inventory Control Worksheet for concession, greenhouse sales and bookstore activities to recap the flow of inventory monthly and identify overages or shortages.

Condition – Form F-SA-5 Monthly Inventory Control Worksheet was not used and completed monthly.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – Form F-SA-5 Monthly Inventory Control Worksheet should be completed to recap the flow of inventory monthly of all inventory/concessions and to identify overages and shortages.

Views of Responsible Officials – Monthly control sheets will be completed monthly when inventory is taken. These worksheets will be presented as required by Redbook policy.

**WEBSTER COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

WEBSTER COUNTY HIGH SCHOOL

III. Criteria – Accounting Procedures for Kentucky School Activity Funds (Redbook) states that individual school activity accounts shall not end the fiscal year with a negative balance.

Condition – Two activity accounts had negative balances at year end.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – The general activity account must cover any deficit in activity accounts by June 30.

Views of Responsible Officials – Funds from the general activity account will be transferred to cover any deficit in activity accounts.

**WEBSTER COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

CLAY ELEMENTARY SCHOOL

- I. **Condition** – Form F-SA-2B Fundraiser Summary for fundraisers tested were filled out incorrectly.

Recommendation – Form F-SA-2B Fundraiser Summary should be completed correctly for each fundraiser.

Current status – This finding was repeated for June 30, 2024.

Views of Responsible Officials – The school bookkeeper will be trained on how to complete the form properly.

DIXON ELEMENTARY SCHOOL

- I. **Condition** – Three accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was repeated for four accounts for June 30, 2024, four accounts for June 30, 2023, and for two accounts for June 30, 2022.

Views of Responsible Officials – Funds in inactive accounts will be transferred to the general fund

SEBREE ELEMENTARY SCHOOL

- I. **Condition** – Purchase orders were not filled out completely / correctly.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires each disbursement to be documented by a completed purchase order and an original vendor invoice before being processed.

Current Status – This finding was not repeated for June 30, 2024.

**WEBSTER COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

SEBREE ELEMENTARY, continued

- II. Condition** – One account with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current status – This finding was repeated for 3 accounts for June 30, 2024.

Views of Responsible Officials – The bookkeeper will transfer the funds in inactive accounts to the general fund at year end.

WEBSTER COUNTY MIDDLE SCHOOL

- I. Condition** – Two accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was not repeated for June 30, 2024.

- II. Condition** – Form F-SA-1, Requisition and Report of Ticket Sales, was not completed properly.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Requisition and Report of Ticket Sales Form when funds are collected for all events for which admission is charged to document the event, amount, date and person collecting the funds.

Current Status – This finding was repeated for June 30, 2024, June 30, 2023, and June 30, 2022.

Views of Responsible Officials – WCMS will begin using "Go Fans" for ticket sales in Fiscal Year 2025; therefore, tickets sales at events will no longer take place.

**WEBSTER COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

WEBSTER COUNTY MIDDLE SCHOOL, continued

III. Condition – Form F-SA-5, Inventory Control Worksheet, was not completed properly.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Inventory Control Worksheet on a monthly basis.

Current Status – This finding was repeated for June 30, 2024, June 30, 2023, and June 30, 2022.

Views of Responsible Officials – WCMS Bookkeeper will seek examples of forms that have been done correctly for guidance.

WEBSTER COUNTY HIGH SCHOOL

I. Condition – Form F-SA-2B Fundraiser Summary was not completed properly.

Recommendation – Fundraisers where items are sold require the use of the Fundraiser Summary to recap the profitability of a fundraiser sales cycle. This form should be signed by appropriate personnel and filled out completely.

Current Status – This finding was not repeated for June 30, 2024.

II. Condition – Form F-SA-1 Requisition and Report of Ticket Sales was not properly completed to reconcile revenue received from events where admission was charged.

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker, and the school treasurer when tickets are sold and funds collected.

Current Status – This finding was repeated for June 30, 2024 and June 30, 2023.

Views of Responsible Officials – Form F-SA-28 and F-SA-1 will be completed with more focus on completion for the 24-25 school year.

**WEBSTER COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

WEBSTER COUNTY HIGH SCHOOL, continued

III. Condition – Seven accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current status – This finding was repeated for June 30, 2024 with 6 inactive accounts.

Views of Responsible Officials – These accounts have been closed for 24-25 school year. The bookkeeper will focus on SAF accounts in June to see that they are active and if not, they will be closed.

APPENDIX D

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

STATEMENT OF INDEBTEDNESS

STATEMENT OF INDEBTEDNESS

KY CONST. §§ 157 and 158

KRS § 66.041

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF WEBSTER)

The undersigned, as the Treasurer of the Board of Education of the Webster 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	\$886,828,716
2. The current population of the District is	12,762
3. The total amount of all bonds, notes, and other obligations of the District issued and outstanding, including the present Bonds of \$5,435,000*	\$18,415,000
4. 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 that are not self-supporting obligations and are issued after July 15, 1996, by any 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	\$12,980,000
(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	\$0
(e) Obligations issued to pay 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 to 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>\$0</u>
TOTAL EXEMPT OBLIGATIONS	\$12,980,000

* Preliminary, subject to change.

- 5. The 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 \$5,435,000*
- 6. The total amount of bonds, notes, and other obligations of the District 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 \$0.6510 per \$100 of assessed valuation for real property and \$0.6510 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, bond anticipation 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.

IN WITNESS WHEREOF, I have hereunto set my hand this March 5, 2025.

 By:
 Treasurer

* Preliminary, subject to change.

** 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

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL



700 N. Hurstbourne Parkway
Suite 115
Louisville, Kentucky 40222
Telephone: 502-423-2000
Telefax: 502-423-2001
www.stepToe-johnson.com

_____, 2025

Board of Education of Webster County, Kentucky
Dixon, Kentucky

Ladies and Gentlemen:

We have served as bond counsel to the Board of Education of Webster County, Kentucky (“Board”) and in such capacity have examined the transcript of proceedings for the issue of \$5,435,000 Board of Education of Webster County, Kentucky General Obligation Bonds, Series 2025 (the “Bonds”), dated March 5, 2025, numbered R-1 upward, and of denominations of \$5,000 or any integral multiple thereof. The Bonds are issued by the Board on behalf of the Webster County School District (“District”). The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

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 Board in accordance with their terms, which, unless paid from other sources, are payable from taxes to be levied by the Board, without limitation as to rate or amount.

2. Under 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; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In rendering the opinions set forth 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. Interest on the Bonds is not subject to 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 Board 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 Board and 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.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof, and specifically by current or future legislative proposals, which, if enacted into law, could adversely affect the tax exemption of the interest on the Bonds. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

APPENDIX F

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Certificate”) is executed and delivered as of March 5, 2025, by the Board of Education of Webster County, Kentucky (the “Issuer”), in connection with the issuance and delivery of \$5,435,000 aggregate principal amount of General Obligation Bonds, Series 2025 (the “Obligations”). The Obligations are being issued under and in accordance with a resolution duly adopted by the Board of Education of the Issuer on January 27, 2025 (the “Authorizing Legislation”). The Issuer hereby certifies, covenants, and agrees as follows:

Section 1. Purpose of this 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 Rule 15c2-12 of the Securities and Exchange Commission, as amended from time to time (the “Rule”).

Section 2. Definitions; Scope of this Certificate.

All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such 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 C to 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 items listed above may be set forth in other documents which have been transmitted to the MSRB, including any 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. If audited financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

“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 debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements, reflecting financial difficulties;

- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of 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 any mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution, or sale of any property securing the 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 any state or federal law in which any court or governmental authority has assumed jurisdiction over 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 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 Issuer);
- (xiii) The consummation of a 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 a definitive agreement to undertake any such actions, or the termination of a definitive agreement relating to 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 a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or any other similar terms of any 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 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 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 February 5, 2025.

“Operating Data” means an update of certain operating data of the Issuer, which is limited to the information provided in the FOS under the headings “OUTSTANDING BONDS”, “BOND DEBT SERVICE”, “DISTRICT STUDENT POPULATION”, “LOCAL SUPPORT – Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment”.

“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 that 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, 2025, 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 any 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 provisions of the Authorizing Legislation or the Obligations, and such information shall not be made public before the date of 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 outstanding Obligations, by first class mail, postage prepaid;

(b) to the MSRB, in any 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 under subsection (A) of this Section shall also be transmitted to the MSRB.

(b) All information required to be provided to the public under subsection (A) of this Section shall 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 that 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 Disclosure Agent in duplicating and transmitting the requested information to such Holder, and (2) the reasonable administrative expenses incurred by the Issuer or 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, stating 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 such information 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, if any, fails to comply with any of the provisions of this Certificate, any Holder of the Obligations may take any 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 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.

Section 7. Notices.

Any notices or communications to the Issuer may be given as follows:

To the Issuer: Board of Education of Webster County, Kentucky
28 State Route 1340
Dixon, Kentucky 42409
Attention: Chief Financial Officer
Telephone: (270) 639.5083

[The remainder of this page is intentionally left blank.]

[SIGNATURE PAGE CONTINUING DISCLOSURE CERTIFICATE]

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of the day and year first above written.

**BOARD OF EDUCATION OF
WEBSTER COUNTY, KENTUCKY**

Chairperson

Attest:

Secretary

APPENDIX G

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

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

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

OFFICIAL TERMS AND CONDITIONS OF BOND SALE
\$5,435,000*
BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025

Notice is hereby given that electronic bids will be received by the Board of Education of the Webster County, Kentucky (the "Board"), until 11:00 a.m., E.S.T. on February 12, 2025, at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622, receive sealed, competitive bids for the bonds of the Board described herein (the "Bonds"). To be considered, Bids must be submitted on an Official Bid Form and delivered to the Secretary of the Board at the address indicated, on the date of sale, no later than the hour indicated. Alternatively, electronic bids for the Bonds may be submitted through the BiDCOMP™/PARITY™ system, as described herein. Bids will be opened by the Secretary and may be accepted without further action by the Board.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

The Bonds are authorized by Sections 66.011 to 66.191, inclusive, of Kentucky Revised Statutes, as amended (the "General Obligation Act"), and Section 160.160 of Kentucky Revised Statutes, as amended, and are being issued under and in accordance with a Bond Resolution adopted by the Board on January 27, 2025 (the "Bond Resolution"). The Bonds are general obligation bonds and constitute a direct indebtedness of the Board. The Bonds are issued by the Board for the benefit of the Webster County School District ("District"). The Bonds are secured by the Board'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 the costs of various improvements throughout the District (the "Project") and (ii) paying all or a portion of the costs of issuance of the Bonds.

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

Although the Board is obligated to pay the principal and interest requirements on the Bonds for each year in which the Bonds are outstanding, the Board has issued the Bonds in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately \$102,463 toward the annual debt service requirements for the Bonds herein identified through March 1, 2045, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds until said Bonds are retired.

* Preliminary, subject to Permitted Adjustment as described herein.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Project and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$102,463 to be applied to the annual debt service requirements for the Bonds herein identified each year through March 1, 2045; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2026; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period through March 1, 2045, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2026. Inter alia, the Budget provides \$116,928,400 in FY 2024-2025 and \$126,269,500 in FY 2025-2026 to pay debt service on existing and future bond issues. There are \$75,900,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes \$85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS, AND PAYING AGENT

The Bonds shall be dated their date of initial issuance and delivery, bearing interest from such date, payable on each September 1 and March 1, commencing September 1, 2025.

The Bonds are scheduled to mature on March 1, in each of the years as follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
March 1, 2026	\$55,000	March 1, 2036	\$75,000
March 1, 2027	55,000	March 1, 2037	75,000
March 1, 2028	55,000	March 1, 2038	120,000
March 1, 2029	60,000	March 1, 2039	175,000
March 1, 2030	60,000	March 1, 2040	660,000
March 1, 2031	60,000	March 1, 2041	685,000
March 1, 2032	65,000	March 1, 2042	715,000
March 1, 2033	65,000	March 1, 2043	740,000
March 1, 2034	70,000	March 1, 2044	770,000
March 1, 2035	70,000	March 1, 2045	805,000

The Bonds maturing on or after March 1, 2034 are subject to optional redemption on March 1, 2033 or any date thereafter, 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

U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Paying Agent and Registrar for the Bonds (the "Paying Agent and 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 Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and 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 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:

(i) 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. Alternatively, electronic bids for the Bonds may be submitted through the BiDCOMP™/PARITY™ system, as described herein.

(ii) Minimum Bid. Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$5,326,300 (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS. Rates must be on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited.

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

(iv) Award; Adjustment. The determination of the best purchase bid for each of the Bonds will be made on the basis of the lowest net interest cost to be calculated as that rate (or yield) which, 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 the Bonds, for exactly \$5,435,000 principal amount of Bonds offered for sale hereunder. Upon determination of the lowest net interest rate, the principal amounts of the Bonds shall be immediately adjusted by the Board in order 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 or decreased in an amount up to 10% (the "Permitted Adjustment") and to pay the purchase price based upon the aggregate amount of the final issue.

The Board 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 the 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 successful 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.

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

(vi) Interest Rates. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(vii) Submission of Bids. If submitted in physical form, each bid on the Official Bid Form shall be placed in a sealed envelope addressed to the Board, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the “Board of Education of Webster County, Kentucky General Obligation Bonds, Series of 2025.” No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of the Executive Director of the Kentucky School Facilities Construction Commission before the time set forth at the beginning of these Official Terms and Conditions.

Notice is hereby given that electronic proposals will be received via BIDCOMP™/PARITY™, in the manner prescribed by these Official Terms and Conditions, until 11:00 a.m., E.S.T., on February 12, 2025, and no bid received after such time shall be accepted. Electronic bids for the Bonds must be submitted through the BIDCOMP™/PARITY™ system, and no other provider of electronic bidding services will be accepted. A subscription to the BiDCOMP™/PARITY™ System is required in order to submit an electronic bid for the Bonds. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids, whether in electronic or written form. Electronic bids made through the BiDCOMP™/PARITY™ facilities shall be deemed an offer to purchase in response to the Notice of Bond Sale, and shall be binding upon such bidders as if made by signed, sealed, and written bids delivered to the Board. The Board shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. To the extent any instructions or directions provided by the BIDCOMP™/PARITY™ system conflict with these Official Terms and Conditions, the terms of these Official Terms and Conditions shall control. For additional information regarding the BIDCOMP™/PARITY™ system, potential bidders may contact the Independent Registered Municipal Advisor or BIDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, New York 10010, Telephone: (212) 404-8102.

(viii) Term Bond Option. The purchaser of the Bonds may specify that any of the Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise a Term Bond, bearing a single rate of interest, maturing in the latest of such years, and subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such Bonds comprising such Term Bond, which principal amount shall mature in that year.

(ix) Bond Insurance. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal of and/or interest on the Bonds, the Board 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 Board shall not be liable to any extent therefor.

(x) DTC. The successful bidder may also 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 DTC.

(xi) Acceptance of Bid. The Board will accept a bid or reject all bids on the date stated at the beginning of these Official Terms and Conditions.

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

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

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

(xv) Rights Reserved. The Board reserves the right to reject any and all bids for the Bonds, to waive any informality in any bid, or, upon 24 hours advance notice before the sale date provided through the BiDCOMP™/PARITY™ system, to postpone the sale date of the Bonds. The Bonds are offered for sale subject to the principal of and interest on 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 purchaser, all in accordance with the final approving legal opinion of Steptoe & Johnson PLLC, Louisville, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

(xvi) 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.

(xvii) Purchaser Certification. The purchaser of the Bonds shall assist the Board in establishing the issue price of the Bonds and shall execute and deliver to the Board 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. All actions to be taken by the Board under these Official Terms and Conditions to establish the issue price of the Bonds may be taken on behalf of the Board by the Board’s Independent Registered Municipal Advisor identified herein and any notice or report to be provided to the Board shall be provided to the Board’s Independent Registered Municipal Advisor.

The Board 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 Bonds) will apply to the initial sale of each of the Bonds (the “competitive sale requirements”) because:

- (1) the Board 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 Board 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 Board 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 herein.

Any bid submitted pursuant to these Official Terms and Conditions 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 Board shall advise the applicable winning bidder. The Board 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 any maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation in the event that the Board determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids for the Bonds 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 Board in establishing the issue price of the Bonds and shall execute and deliver to the Board 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).

The Board acknowledges that, in making the representations set forth above, the winning bidder will rely on (a) 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; (b) 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 (c) 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 Board 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 for the Bonds, each bidder confirms that: (1) 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 (2) 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 Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), the Board 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 H – Form of Continuing Disclosure Certificate” to the Preliminary Official Statement, 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 Board will agree to comply with the provisions of the Rule.

The Board intends to file all future Annual Financial Information within the time requirements set forth in the Continuing Disclosure Certificate and has adopted policies and procedures to ensure the timely filing thereof. The Board’s policies and procedures are available to the 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 excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”) and will not be an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. 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 Board has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

A copy of the approving legal opinion of Bond Counsel for the Bonds is set forth in Appendix G to the Preliminary Official Statement.

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 Board 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 Steptoe & Johnson PLLC.

Although Bond Counsel is of the opinion that 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 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.

BOARD OF EDUCATION OF WEBSTER
COUNTY, KENTUCKY

By: /s/ Aaron Harrell, Secretary

APPENDIX I

**BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES 2025**

OFFICIAL BID FORM

**OFFICIAL BID FORM
BOARD OF EDUCATION OF WEBSTER COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025**

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$5,435,000 of General Obligation Bonds, Series 2025 (the “Bonds”), dated their date of initial issuance and delivery, offered for sale by the Board of Education of Webster County, Kentucky (the “Board”) in accordance with the Preliminary Official Statement dated February 5, 2025 and the related 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 \$5,435,000 principal amount of the Bonds, the total sum of \$_____ (not less than \$5,326,300) at the following annual rate(s), payable semiannually (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on March 1 in the years as follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>
March 1, 2026	\$55,000	_____ %	March 1, 2036	\$75,000	_____ %
March 1, 2027	55,000	_____ %	March 1, 2037	75,000	_____ %
March 1, 2028	55,000	_____ %	March 1, 2038	120,000	_____ %
March 1, 2029	60,000	_____ %	March 1, 2039	175,000	_____ %
March 1, 2030	60,000	_____ %	March 1, 2040	660,000	_____ %
March 1, 2031	60,000	_____ %	March 1, 2041	685,000	_____ %
March 1, 2032	65,000	_____ %	March 1, 2042	715,000	_____ %
March 1, 2033	65,000	_____ %	March 1, 2043	740,000	_____ %
March 1, 2034	70,000	_____ %	March 1, 2044	770,000	_____ %
March 1, 2035	70,000	_____ %	March 1, 2045	805,000	_____ %

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 Executive Director of the Kentucky School Facilities Construction, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622. 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 the sole responsibility of assuring that their bids have been received via facsimile or have been 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.

It is understood that the Board will furnish the final, approving legal opinion Steptoe & Johnson PLLC, Bond Counsel, Louisville, 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

By: _____
Signature

Total interest cost from March 5, 2025 to final maturity \$ _____

Plus discount or less any premium \$ _____

Net interest cost (Total interest cost plus discount) \$ _____

Average interest rate or cost _____%

The above computation of true interest cost is submitted for information only and is not a part of this Bid.

Accepted by the Secretary of the Board of Education of Webster County, Kentucky 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>
March 1, 2026	\$ _____	_____ %	March 1, 2036	\$ _____	_____ %
March 1, 2027	\$ _____	_____ %	March 1, 2037	\$ _____	_____ %
March 1, 2028	\$ _____	_____ %	March 1, 2038	\$ _____	_____ %
March 1, 2029	\$ _____	_____ %	March 1, 2039	\$ _____	_____ %
March 1, 2030	\$ _____	_____ %	March 1, 2040	\$ _____	_____ %
March 1, 2031	\$ _____	_____ %	March 1, 2041	\$ _____	_____ %
March 1, 2032	\$ _____	_____ %	March 1, 2042	\$ _____	_____ %
March 1, 2033	\$ _____	_____ %	March 1, 2043	\$ _____	_____ %
March 1, 2034	\$ _____	_____ %	March 1, 2044	\$ _____	_____ %
March 1, 2035	\$ _____	_____ %	March 1, 2045	\$ _____	_____ %

Secretary, Board of Education
of Webster County, Kentucky

Dated: February 4, 2025