

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

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 17, 2025

Book-Entry Only
New Issue – Not Bank Qualified

Rating: “___” Moody’s (Underlying)
“___” (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 District, and subject to the conditions and limitations set forth herein under the caption “LEGAL MATTERS – Tax Treatment,” interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is exempt from Kentucky income tax, and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.



\$16,740,000*
KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B

Dated: Date of Issuance

Due: December 1, as shown below

Interest on the above-captioned Bonds (the “Bonds”) will be payable from their dated date, on each June 1 and December 1, commencing June 1, 2026, and the Bonds mature on each December 1, as shown below:

| Maturing 1-Dec | Amount* | Interest Rate | Reoffering Yield | CUSIP | Maturing 1-Dec | Amount* | Interest Rate | Reoffering Yield | CUSIP |
|----------------|-----------|---------------|------------------|-------|----------------|-------------|---------------|------------------|-------|
| 2026 | \$300,000 | % | % | | 2036 | \$830,000 | % | % | |
| 2027 | \$300,000 | % | % | | 2037 | \$855,000 | % | % | |
| 2028 | \$300,000 | % | % | | 2038 | \$1,050,000 | % | % | |
| 2029 | \$345,000 | % | % | | 2039 | \$1,095,000 | % | % | |
| 2030 | \$480,000 | % | % | | 2040 | \$1,260,000 | % | % | |
| 2031 | \$630,000 | % | % | | 2041 | \$1,305,000 | % | % | |
| 2032 | \$650,000 | % | % | | 2042 | \$1,205,000 | % | % | |
| 2033 | \$660,000 | % | % | | 2043 | \$1,285,000 | % | % | |
| 2034 | \$675,000 | % | % | | 2044 | \$1,330,000 | % | % | |
| 2035 | \$730,000 | % | % | | 2045 | \$1,455,000 | % | % | |

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

The Bonds are offered when, as, and if issued, subject to the approval of the legality and tax exemption thereof by Dinsmore & Shohl LLP, Covington, Kentucky, as Bond Counsel. The Bonds are expected to be available for delivery on or about December 16, 2025.



* Preliminary, subject to change.

KENTON COUNTY BOARD OF EDUCATION

Jesica Jehn,
Chair

Karen Collins,
Vice Chair

Shannon Herold,
Member

Erin McConnell,
Member

Carl Wicklund,
Member

Susan Bentle,
Treasurer

Dr. Henry Webb,
Superintendent

BOND COUNSEL

Dinsmore & Shohl LLP
Covington, 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 District identified on the cover page hereof. No dealer, broker, salesman, or other person has been authorized by District to give any information or to make any representations, other than those set forth in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been given or authorized by the District or the Municipal Advisor. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, and there shall not be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale.

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

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

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

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

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

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\$16,740,000*
KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025A

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 \$16,740,000* aggregate principal amount of General Obligation Bonds, Series 2025B (the “Bonds”) of the Kenton County (Kentucky) School District, as specified on the cover page hereof.

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

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

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board of Education (the “Board”) of the District on November 3, 2025 (the “Bond Resolution”).

The Bonds are being issued for the purposes of (i) financing the costs of acquiring, constructing, renovating, equipping and installing improvements at Piner Elementary School and White’s Tower Elementary School, and other related capital improvements (collectively, the “Project”), (ii) paying capitalized interest for the Bonds, if desirable, and (iii) paying the costs of issuance of the Bonds.

The Bonds are a general obligation of the District. The basic security for the Bonds is the District’s ability to levy, and its pledge to levy, an annual tax in order to pay the principal of and interest on the Bonds as and when the same become due and payable (see “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein).

The Bonds are offered when, as, and if issued by the District. The Bonds will be delivered on or about December 16, 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 District are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the Bond Resolution and the bond forms, may be obtained from Dinsmore & Shohl LLP, at 50 East Rivercenter Boulevard, Suite 1150, Covington, Kentucky 41011. 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 District deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), except for certain information on the cover page hereof and certain pages herein that has been omitted in accordance with the Rule and will be provided with the final Official Statement.

THE BONDS

Description of the Bonds

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

Interest on the Bonds will be payable semiannually on each June 1 and December 1, commencing June 1, 2026, 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 June 1 and December 1 interest payment date shall be the preceding May 15 and November 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 of Education (the “Board”) of the District on November 3, 2025 (the “Bond Resolution”).

Redemption Provisions*

Optional Redemption. The Bonds maturing on and after December 1, 2034 shall be subject to optional redemption on December 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 December 1, 20[]</u> | |
|---|---------------|
| <u>Date</u> | <u>Amount</u> |
| December 1, 20__ | \$ |
| December 1, 20__ | \$ |
| December 1, 20__* | \$ |
| <hr style="width: 50%; margin: 0 auto;"/> | |
| *Final Maturity | |

* Preliminary, subject to change.

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

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

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

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

Defeasance

The Bond Resolution permits the District to defease any of the Bonds before the stated maturity thereof if (i) the District shall have given notice of the redemption of such Bond or Bonds in accordance with the Bond Resolution or shall have provided for the giving of such notice at the appropriate time, and (ii) there shall have been deposited with the Paying Agent, or any other fiduciary, either (a) moneys in an amount sufficient, or (b) Defeasance Obligations, the principal of and the interest on which, when due, will provide moneys in an amount which, together with any moneys deposited with the Paying Agent or other fiduciary at the same time, shall be sufficient, in either case, to pay, when due, the principal or redemption price, if any, and interest due and to become due on such Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be. Neither any Defeasance Obligations, nor any moneys so deposited with the Paying Agent or with such other fiduciary, nor any principal or interest payments received from any Defeasance Obligations, shall be withdrawn or used for any purposes other than,

and shall be held in trust for, the payment of the principal or redemption price, if any, of any of the Bonds and any interest thereon; provided, however, that any cash received from such principal or interest payments on such Defeasance Obligations and deposited with the Paying Agent or any other fiduciary, if not then needed for such purposes, shall, to the extent practicable, be (1) reinvested in Defeasance Obligations maturing at such times and in such amounts as shall be sufficient to pay, when due, the principal or redemption price, if any, and interest to become due on any Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be, and (2) paid over to the District, following the full discharge and payment of such Bonds, free and clear of any trust, lien, or pledge.

For the foregoing purposes, “Defeasance Obligations” means:

- (a) non-callable direct obligations of the United States, including U.S. Treasury bills, notes, bonds, and zero coupon bonds, U.S. Treasury Obligations – State and Local Government Series (SLGS), and direct obligations of the U.S. Treasury that have been stripped by the Treasury itself, including CATS, TIGRS, and similar securities;
- (b) non-callable obligations issued or guaranteed by the Government National Mortgage Association which are backed by the full faith and credit of the United States; and
- (c) non-callable senior debt obligations issued or guaranteed by any Federal Home Loan Bank or any Federal Home Loan Bank Board or by the Farm Credit System, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.

Book-Entry Only System

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

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

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General Obligation

The Bonds are general obligations of the District, and the full faith, credit, and taxing power of the District are irrevocably pledged to the payment of the principal of and interest on the Bonds as and when due and payable. The basic security for general obligation indebtedness of the District, including the Bonds, is the District’s ability to levy, and its pledge to levy, an annual tax to pay the principal of and interest on all general obligation indebtedness of the District, including the Bonds, as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as and when the same become due and payable, the principal of and interest on all outstanding general obligation bonds, including the Bonds, and other outstanding general obligation indebtedness of the District. Under Section 159 of the Kentucky Constitution, the District is required

to collect an annual tax sufficient to pay the interest on all authorized indebtedness and to establish and maintain a sinking fund for the payment of the principal amount thereof. The Bond Resolution provides for the levy of such annual tax, which shall be collected to the extent other lawfully available moneys of the District are not provided or available. The Bond Resolution also creates and provides for the maintenance of a Sinking Fund, into which the proceeds of such annual tax or other lawfully available moneys of the District are to be deposited for the payment of the principal of and interest on the Bonds and all other general obligation indebtedness of the District, and the amounts on deposit in the Sinking Fund shall not be used for any other purpose.

Statutory Lien

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

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

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

State Intercept

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

State Participation

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

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

PLAN OF FINANCING

The Bonds are being issued for the purposes of (i) acquiring, constructing, renovating, equipping and installing improvements at Piner Elementary School and White’s Tower Elementary School, and other related capital improvements (collectively, the “Project”), (ii) paying capitalized interest for the Bonds, if desirable, and (iii) paying the costs of issuance of the Bonds, including rating fees, the fees of the Municipal Advisor, the Paying Agent and Registrar, and Bond Counsel, and all other appropriate expenses as may be approved by the District.

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 | \$ _____ |

* Includes Municipal Advisor Fee, Bond Counsel Fee, paying agent fee, rating agency fee and printing and advertising.

INVESTMENT CONSIDERATIONS

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

Limitation on Enforcement of Remedies

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

Risk of Bankruptcy

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

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

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

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

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

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

Suitability of Investment

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

Additional Debt

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

General Economic Conditions

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

Market for the Bonds

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

Bond Rating

There can be no assurance that the municipal bond rating assigned to the Bonds at the time of their issuance will not be lowered or withdrawn at any time in the future, the effect of which could adversely affect the market price for the Bonds and the marketability of the Bonds. For 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 Kenton County Board of Education, consisting of five members, representing each of the District's five educational districts, elected to a four-year term on a non-partisan ballot by the voters of their respective educational districts. Each year, the Board elects a Chair and a Vice Chair from its members to serve a one year term. The Superintendent of the District serves as the executive agent of the Board and has the authority and responsibility to implement Board policy.

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

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

SEEK Program

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

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

Capital Outlay Allotment

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

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

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

FSPK Program

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

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

Tax Base Information

Homestead Exemption

Section 170 of the Kentucky Constitution was amended by Kentucky voters at the General Election held on November 2, 1971, to exempt from property taxes the first \$6,500 of single-unit residential property of taxpayers 65 years of age or older. After that election, the 1972 Regular Session of the Kentucky General Assembly enacted Section 132.810 of the Kentucky Revised Statutes in order to establish the qualifications for the homestead exemption and to provide for the application thereof. In later legislative sessions, the Kentucky General Assembly amended Section 132.810 of the Kentucky Revised Statutes, (i) to enlarge the “single-unit” qualification to allow the homestead exemption to apply to real property “held by legal or equitable title, by the entireties, jointly, in common, as a condominium” maintained as the permanent residence of the owner, (ii) to construe the \$6,500 exemption to mean \$6,500 in terms of the purchasing power of the dollar in 1972, (iii) to allow the maximum exemption to be adjusted every two years if the cost of living index of the United States Department of Labor has changed as much as 1% over the preceding two-year period, and (iv) to permit counties and school districts to adjust local tax revenues through increases in tax rates on non-exempt property to generate tax revenues in an amount equivalent to the revenues lost through the application of the homestead exemption. The amount of the individual homestead exemption for the current tax period is \$49,100.

Limitation on Taxation

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

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

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

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

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

Investment Policy

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

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

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

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

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

Debt Limitation

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

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

Appendix D to this Official Statement contains a Statement of Indebtedness for the District, certified by the Treasurer of the Board, that calculates the amount of the outstanding obligations of the District (including the Bonds) that are subject to the 2% total direct debt limit. The total principal amount of general obligation debt that could be issued by the District, subject to the 2% debt limitation, is \$266,322,761, and the District's net debt subject to such limit presently outstanding (including the Bonds) is \$63,065,000*, leaving a balance of approximately \$203,257,761* borrowing capacity issuable within such limitation.

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

Bond Anticipation Notes

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

LEGAL MATTERS

General

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

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

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

* Preliminary, subject to adjustment.

Transcript and Closing Certificates

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

Litigation

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

Tax Treatment

General

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

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

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

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

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

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

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

Original Issue Premium

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

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

Original Issue Discount

The Bonds having a yield that is higher than the interest rate (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable on such Bonds (the “Discount Bonds”) at maturity. OID is an amount equal to the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold in accordance with that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of such bond, and for the Discount Bonds, the amount of such accretion will be based on a single rate of interest, compounded semiannually (the “yield to maturity”). The amount of OID that accrues during each semiannual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period such purchaser owns such Discount Bond will be added to the purchaser’s tax basis for purposes of determining the gain or loss on such Discount Bond at the maturity, redemption, sale, or other disposition of that Discount Bond and thus, in practical effect, will be treated as stated interest, which is excludable from the gross income of the purchaser for federal income tax purposes.

In addition to the foregoing, the OID that accrues in each year to 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 any cash attributable to the OID accruing in such year.

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

Corporate Alternative Minimum Tax

The Inflation Reduction Act of 2022 imposes a new corporate alternative minimum tax equal to 15% of the “adjusted financial statement income” of an “applicable corporation,” both as defined in Section 59(k) of the Code. Generally, an applicable corporation includes any corporation (as defined for federal income tax purposes, other than S corporations, regulated investment companies, and real estate investment trusts) with an “average annual adjusted financial statement income” of more than \$1,000,000,000 over any preceding period of three tax years (ending with a tax year ending after December 31, 2021). The corporate alternative minimum tax applies for all tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on tax-exempt bonds, such as the interest on the Bonds, is included (i) in computing “average annual adjusted financial statement income” for the purposes of determining whether a corporation qualifies as an “applicable corporation,” and (ii) in determining an applicable corporation’s “adjusted financial statement income” for the purposes of calculating the alternative minimum tax imposed on applicable corporations under Section 55 of the Code, regardless of the issue date of such tax-exempt bonds.

CONTINUING DISCLOSURE

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

- (i) to the Municipal Securities Rulemaking Board (the “MSRB”), or to any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system, as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the SEC, for each fiscal year of the District, certain annual financial information and operating data of the District (the “Annual Financial Information”), including the audited financial statements of the District, generally consistent with (i) the financial information and operating data of the District set forth under the following headings of Appendix B to the Offering Document: “Assessed Value of Property,” “Historical Tax Rates,” “Top Ten Taxpayers of the District,” “Attendance,” and “SEEK Funds,” and (ii) the audited financial statements of the District set forth in “Appendix C – Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2024” hereto. The Annual Financial Information shall be provided annually, no later than 270 days after the end of the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 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 District or related public entities, which are available to the public on the MSRB’s Internet website or filed with the SEC.

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

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

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

The Board and Corporation were late in making a required filing under the terms of the Continuing Disclosure Agreements between the Board and the Corporation executed in connection with previous bond issues. The Board has filed a Material Event Notice indicating its failure to file on a timely basis the following information:

(1) Notice of Financial Obligation - The School District entered into an annual renewable lease agreement dated April 1, 2025, with the Kentucky Interlocal School Transportation Association for the purchase of buses. The final maturity of such lease agreement is March 1, 2035.

The Material Event Notice was filed on August 27, 2025.

The District intends to file all future Annual Financial Information within the time requirements specified in the Rule, the Continuing Disclosure Certificate, and the District's existing continuing disclosure undertakings relating to other outstanding debt issues, and the District has adopted policies and procedures to ensure the timely filing thereof, which policies and procedures are available to the public upon request.

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

RATING

As noted on the cover page of this Official Statement, Moody's Investors Service, Inc. ("Moody's") has assigned an underlying rating of "[]" and 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 District presently expects to furnish Moody's with any information and materials that Moody's may request on future general obligation bond issues. However, the District assumes no obligation to furnish any requested information and materials and may issue debt for which a rating is not requested. The failure to furnish any requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of Moody's ratings on the District's outstanding general obligation bonds.

UNDERWRITING

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT

By: /s/ Jessica Jehn
Chair

APPENDIX A

**KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B**

ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS

ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS

| Fiscal Year Ending June 30 | Current Restricted Fund Bond Payments | General Obligation Bonds, Series 2025B (100% Local) | | | Total Restricted Fund Bond Payments |
|---|--|--|-----------------------------|--------------------------|--|
| | | Principal Portion | Interest Portion | Total Payment | |
| 2025 | \$20,004,000 | | | | \$20,004,000 |
| 2026 | \$22,093,074 | | \$286,636 | \$286,636 | \$22,379,710 |
| 2027 | \$21,097,665 | \$300,000 | \$621,563 | \$921,563 | \$22,019,227 |
| 2028 | \$20,938,581 | \$300,000 | \$613,538 | \$913,538 | \$21,852,118 |
| 2029 | \$20,938,615 | \$300,000 | \$604,988 | \$904,988 | \$21,843,603 |
| 2030 | \$18,624,395 | \$345,000 | \$595,549 | \$940,549 | \$19,564,943 |
| 2031 | \$18,011,565 | \$480,000 | \$583,140 | \$1,063,140 | \$19,074,705 |
| 2032 | \$17,381,083 | \$630,000 | \$565,898 | \$1,195,898 | \$18,576,981 |
| 2033 | \$17,381,001 | \$650,000 | \$545,413 | \$1,195,413 | \$18,576,414 |
| 2034 | \$16,949,909 | \$660,000 | \$523,795 | \$1,183,795 | \$18,133,704 |
| 2035 | \$16,951,492 | \$675,000 | \$500,928 | \$1,175,928 | \$18,127,419 |
| 2036 | \$16,305,956 | \$730,000 | \$476,158 | \$1,206,158 | \$17,512,113 |
| 2037 | \$15,972,780 | \$830,000 | \$447,430 | \$1,277,430 | \$17,250,210 |
| 2038 | \$15,980,231 | \$855,000 | \$415,415 | \$1,270,415 | \$17,250,646 |
| 2039 | \$15,212,873 | \$1,050,000 | \$379,220 | \$1,429,220 | \$16,642,093 |
| 2040 | \$15,210,655 | \$1,095,000 | \$338,465 | \$1,433,465 | \$16,644,120 |
| 2041 | \$11,238,048 | \$1,260,000 | \$293,720 | \$1,553,720 | \$12,791,768 |
| 2042 | \$11,237,274 | \$1,305,000 | \$243,028 | \$1,548,028 | \$12,785,302 |
| 2043 | \$6,982,292 | \$1,205,000 | \$191,573 | \$1,396,573 | \$8,378,865 |
| 2044 | \$6,863,292 | \$1,285,000 | \$140,528 | \$1,425,528 | \$8,288,820 |
| 2045 | \$2,319,743 | \$1,330,000 | \$86,920 | \$1,416,920 | \$3,736,663 |
| 2046 | | \$1,455,000 | \$29,828 | \$1,484,828 | \$1,484,828 |
| TOTALS: | \$327,694,524 | \$16,740,000 | \$8,483,727 | \$25,223,727 | \$352,918,251 |

APPENDIX B
KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B

TAX BASE, OPERATING, AND DEMOGRAPHIC DATA OF THE DISTRICT

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

TAX BASE, OPERATING, AND DEMOGRAPHIC DATA

The Kenton County School District (the “District”) is located in Kenton County, Kentucky. Kenton County is located in the Northern Kentucky Area at the confluence of the Ohio River and the Licking River, south of Cincinnati, Ohio, in the Bluegrass Region of Kentucky. Kenton County occupies a total area of 164 square miles, including approximately 160 square miles of land and 4 square miles of water. The elevation in Kenton County ranges from 455 feet (139 m) to 960 feet (293 m) above sea level. Kenton County had an estimated population of 171,823 in 2024.

The Northern Kentucky Area, which covers a total area of 559 square miles, is composed of Boone County, Campbell County, and Kenton County, and is ideally situated along and adjacent to the south bank of the Ohio River, directly south of Cincinnati, Ohio. The Northern Kentucky Area is part of the Cincinnati Metropolitan Statistical Area. The Northern Kentucky Area forms the northern apex of an industrial triangle anchored by Louisville, Kentucky on the southwest and Lexington, Kentucky on the southeast. More than one-third of the population of Kentucky and one-half of the manufacturing jobs in Kentucky are located within the triangle. The interstate highway system places these three metropolitan areas within less than a two hour drive from each other.

The District is operated by a statutory Board of Education (the “Board”) organized and existing under and in accordance with Chapter 160 of the Kentucky Revised Statutes and vested with the responsibility of providing for public education in the District by establishing and operating public schools. The Board consists of five members. The members of the Board are elected for a four-year term on a non-partisan ballot. Terms are staggered so that terms of not more than three members expire at the same time.

The Economic Framework

In 2024, Kenton County had a labor force of 92,050 people with an unemployment rate of 4.50%. The top five jobs by occupation were as follows: (1) office and administrative support – 8,227 (13.55%), (2) executive managers and administrators – 6,544 (10.77%), (3) sales – 5,250 (8.64%), (4) production workers – 4,982 (8.20%), and (5) education, training/library – 4,171 (6.87%).

Transportation

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

Power and Fuel

Electric power is provided to the Northern Kentucky Area by Duke Energy Kentucky, E. ONUS/KU, East Kentucky Power Cooperative, and Owen Electric Cooperative, Inc. Natural gas services are provided to major portions of the Northern Kentucky Area by Duke Energy Kentucky.

TAX BASE INFORMATION

Assessed Value of Property

| Fiscal Year | Total |
|-------------|------------------|
| 2021 | \$9,894,497,264 |
| 2022 | \$10,483,951,651 |
| 2023 | \$11,175,585,176 |
| 2024 | \$12,320,629,310 |
| 2025 | \$13,316,138,047 |

Source: Kentucky Department of Education – SEEK Calculation

Historical Tax Rates

| Fiscal Year | Real Estate | Tangible | Motor Vehicle |
|-------------|-------------|----------|---------------|
| 2021 | 67.100 | 67.300 | 63.500 |
| 2022 | 67.100 | 37.100 | 63.500 |
| 2023 | 66.600 | 67.200 | 63.500 |
| 2024 | 65.900 | 65.300 | 63.500 |
| 2025 | 63.500 | 63.500 | 63.500 |

Source: Kentucky Department of Education – SEEK Calculation

Top Ten Taxpayers of the District

The following tables lists the ten largest real property taxpayers of the County as reported by the Kenton County Property Valuation Administrator for the calendar year 2024.

| Taxpayer | Real Property Assessment (\$) |
|--------------------------------|-------------------------------|
| Fidelity Properties Inc. | 128,283,300 |
| ARCP OFC | 82,625,000 |
| CPX Rivercenter Dev Corp | 66,881,800 |
| LEX 300 Walton LLC | 47,579,000 |
| Amberly Legacy LLC et al | 43,000,000 |
| Housing Authority of Covington | 42,594,700 |
| Crestview Hills Town Center | 40,434,500 |
| United Dairy Farmers Inc. | 38,114,700 |
| Thoroughbred Health LLC | 29,490,300 |
| CPX Rivercenter Dev | 28,965,000 |

| Tangible Property | |
|------------------------------|------------------------|
| Taxpayer | Assessment (\$) |
| Mazak Corporation | 57,355,236 |
| Kroger Limited Partnership | 26,265,425 |
| Fisher Auto Parts Inc 725 | 22,743,114 |
| CCBCC Operations LLC | 17,516,174 |
| Progress Rail Services Corp | 17,001,511 |
| Duro Hilex Poly LLC | 15,088,556 |
| BP Products North America | 14,358,905 |
| Marathon Petroleum Co LP Cov | 14,347,183 |
| Gravity Diagnostics LLC | 14,287,160 |
| First American Equipment | 13,543,496 |

OPERATING AND FINANCIAL DATA

Outstanding Bonds

| Bond Series | Original Principal | Current Principal Outstanding | Principal Assigned to Board | Principal Assigned to Commission | Approximate Interest Rate Range | Final Maturity |
|--------------------|---------------------------|--------------------------------------|------------------------------------|---|--|-----------------------|
| 2013B | \$12,005,000 | \$6,860,000 | \$8,101,041 | \$3,903,959 | 2.700% - 3.125% | 2033 |
| 2013-REF | \$30,545,000 | \$0 | \$30,545,000 | \$0 | 0.000% | 2025 |
| 2014-Energy | \$4,170,000 | \$2,180,000 | \$4,170,000 | \$0 | 3.250% - 4.000% | 2034 |
| 2015A-REF | \$8,895,000 | \$4,105,000 | \$8,895,000 | \$0 | 3.000% | 2029 |
| 2015B-REF | \$14,445,000 | \$1,245,000 | \$12,227,370 | \$2,217,630 | 3.000% | 2026 |
| 2015C | \$17,320,000 | \$10,475,000 | \$16,352,476 | \$967,524 | 3.000% - 3.625% | 2035 |
| 2016-REF | \$25,190,000 | \$16,485,000 | \$24,032,839 | \$1,157,161 | 3.000% - 4.000% | 2029 |
| 2016B | \$19,400,000 | \$13,925,000 | \$5,250,000 | \$14,150,000 | 3.000% - 3.250% | 2036 |
| 2017-Energy | \$5,125,000 | \$3,945,000 | \$5,125,000 | \$0 | 3.000% - 3.375% | 2037 |
| 2017R-Energy | \$2,280,000 | \$755,000 | \$2,280,000 | \$0 | 3.000% | 2028 |
| 2018 | \$13,945,000 | \$13,760,000 | \$588,473 | \$13,356,527 | 3.000% - 4.000% | 2038 |
| 2020 | \$12,850,000 | \$12,440,000 | \$10,950,194 | \$1,899,806 | 2.250% - 3.000% | 2040 |
| 2020-REF | \$7,670,000 | \$5,890,000 | \$7,670,000 | \$0 | 1.500% - 1.750% | 2031 |
| 2021 | \$29,125,000 | \$26,830,000 | \$29,125,000 | \$0 | 2.000% - 3.000% | 2041 |
| 2022 | \$48,385,000 | \$48,205,000 | \$46,812,890 | \$1,572,110 | 2.000% - 5.000% | 2042 |
| 2022B | \$2,490,000 | \$2,475,000 | \$2,490,000 | \$0 | 3.000% - 4.000% | 2042 |
| 2023 | \$34,950,000 | \$34,940,000 | \$34,950,000 | \$0 | 4.000% | 2043 |
| 2024 GO | \$24,985,000 | \$24,885,000 | \$24,985,000 | \$0 | 4.000% | 2039 |
| 2025 GO | \$21,440,000 | \$21,440,000 | \$21,168,236 | \$271,764 | 5.000% | 2045 |
| TOTALS: | \$335,215,000 | \$250,840,000 | \$295,718,519 | \$39,496,481 | | |

Overlapping Indebtedness

| Issuer | Original Principal Amount | Amount of Bonds Redeemed | Current Principal Outstanding |
|----------------------------------|--|---|--|
| County of Kenton | | | |
| General Obligation | 31,320,000 | 4,545,000 | 26,775,000 |
| Court Facility | 31,925,000 | 18,395,000 | 13,530,000 |
| Housing Facilities Revenue | 26,375,000 | 0 | 26,375,000 |
| Building Revenue | 3,000,000 | 2,625,000 | 375,000 |
| Refinancing Refunding Revenue | 69,130,000 | 23,540,000 | 45,590,000 |
| City of Covington | | | |
| General Obligation | 72,445,000 | 26,775,458 | 45,669,542 |
| Building Revenue | 3,225,000 | 2,980,000 | 245,000 |
| Multi-Family Housing | 14,950,000 | 0 | 14,950,000 |
| Refunding Revenue | 17,500,000 | 0 | 17,500,000 |
| City of Crestview Hills | | | |
| General Obligation | 2,565,000 | 2,200,000 | 365,000 |
| Building Revenue | 7,180,000 | 5,465,000 | 1,715,000 |
| City of Edgewood | | | |
| General Obligation | 7,965,000 | 5,268,695 | 2,696,305 |
| City of Ft. Mitchell | | | |
| KLC Funding Trust Revenue | 50,000,000 | 0 | 50,000,000 |
| City of Ft. Wright | | | |
| General Obligation | 733,361 | 384,050 | 349,311 |
| City of Independence | | | |
| General Obligation | 10,225,000 | 8,595,000 | 1,630,000 |
| City of Lakeside Park | | | |
| Multiple Purposes Revenue | 800,000 | 666,666 | 133,334 |
| City of Latonia Lakes | | | |
| Sewer Revenue | 198,000 | 97,000 | 101,000 |
| City of Ludlow | | | |
| General Obligation | 2,165,000 | 732,832 | 1,432,168 |
| City of Park Hills | | | |
| General Obligation | 2,500,000 | 1,166,667 | 1,333,333 |
| City of Villa Hills | | | |
| General Obligation | 750,000 | 470,097 | 279,903 |
| Special Districts | | | |
| Kenton County Extension District | 1,430,000 | 190,000 | 1,240,000 |
| Kenton County Public Library | 18,225,000 | 7,990,000 | 10,235,000 |
| Planning & Developing Services | 2,225,000 | 1,235,000 | 990,000 |
| Sanitation District No. 1 | 452,540,000 | 75,230,000 | 377,310,000 |
| Kenton County Airport Board | 412,847,881 | 66,353,283 | 346,494,598 |
| Totals: | 1,242,219,242 | 254,904,748 | 987,314,494 |

Source: Kentucky Department of Local Government

Attendance

| School Year | Average Daily Attendance |
|--------------------|---------------------------------|
| 2020-21 | 12,772 |
| 2021-22 | 13,275 |
| 2022-23 | 13,275 |
| 2023-24 | 12,949 |
| 2024-25 | 12,930 |

Source: Kentucky Department of Education

SEEK Funds

| Description | Fiscal Year | | | | |
|---------------------------|--------------------|--------------|--------------|--------------|--------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| SEEK Funds | \$30,705,528 | \$33,148,971 | \$32,638,988 | \$30,179,915 | \$29,818,105 |
| FSPK Funds | \$902,141 | \$873,778 | \$1,155,690 | \$418,030 | \$1,171,217 |
| Capital Outlay Allotments | \$1,277,159 | \$1,327,457 | \$1,327,457 | \$1,294,950 | \$1,293,028 |

Source: Kentucky Department of Education

DEMOGRAPHIC DATA

Population

| Description | 2021 | 2022 | 2023 | 2024 |
|--------------------|-------------|-------------|-------------|-------------|
| Kenton County | 169,698 | 170,280 | 171,321 | 171,823 |
| Northern Kentucky | 471,157 | 473,380 | 477,040 | 406,698 |

Source: Kentucky State Data Center, University of Louisville

Population Projections

| Description | 2030 | 2035 | 2040 |
|--------------------|-------------|-------------|-------------|
| Kenton County | 175,691 | 177,689 | 178,906 |
| Northern Kentucky | 493,046 | 502,365 | 509,662 |

Source: Kentucky State Data Center, University of Louisville

Unemployment Rate (%)

| Year | Kenton County | Northern Kentucky LWA | Kentucky | United States |
|-------------|----------------------|------------------------------|-----------------|----------------------|
| 2020 | 5.6 | 5.6 | 6.5 | 8.1 |
| 2021 | 4.0 | 3.8 | 4.5 | 5.3 |
| 2022 | 3.4 | 3.4 | 4.0 | 3.6 |
| 2023 | 3.7 | 3.7 | 4.2 | 3.6 |
| 2024 | 4.5 | 4.6 | 5.1 | 4.0 |

Source: Kentucky Center for Statistics

APPENDIX C

**KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B**

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

Financial Statements and Reports
Required by the Single Audit Act

Kenton County School District

June 30, 2024

**KENTON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
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(502) 585-1600

Independent Auditors' Report

Members of the Board
Kenton County School District
Fort Wright, Kentucky

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenton County School District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Kenton County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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 ("GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kentucky Public School Districts' Audit Contract* and requirements prescribed by the Kentucky State Commission for School District Audits. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 GAAP, 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.

Auditors' 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 GAAS, *Government Auditing Standards* and *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee For School District Audits 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 GAAS, *Government Auditing Standards*, and *Kentucky Public School Districts' Audit Contract and Requirements*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material 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

GAAP requires that the Management's Discussion and Analysis (Unaudited) on pages 4 through 14, budgetary comparison information on pages 64 through 65, bond and interest redemption funds on page 66, and the pension and other postemployment benefits liability and contributions information on pages 67 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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. Schedules of School Activity Funds on pages 82 through 85, the combining supplementary information on pages 82 through 85, and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 86 through 88, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the 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 14, 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 the District’s internal control over financial reporting and compliance.

L B M C, P C

Louisville, Kentucky
November 14, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited**

As management of the Kenton County School District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

DISTRICT BACKGROUND

Kenton County Schools served 14,018 enrolled students in Preschool through twelfth grade during the 2024 fiscal year through 19 schools including 3 high schools, a technology academy, 4 middle schools and 11 elementary schools. All students received full day instruction in a variety of academic programs.

The District is committed to providing a world class education ensuring ALL students are transition ready and prepared for the 21st century economy. District goals include a student transition readiness rate of 100% at each grade level and a 96.25% school attendance rate. Fiscal operations focus on providing resources that improve learning in a measurable way over time. Investing in high-quality resources in all areas of District operations provides students with a world class education in safe and inviting learning environments.

The Community Based Accountability System management tool implemented in 2022 continues to grow and identify areas of efficiency and effectiveness in District academic and support operations. Quarterly metrics provide progress in each pillar area to the stakeholders and committees. Collaborative analysis completed each quarter identifies the current status and adjustments that are needed to achieve each pillar's goals and objectives. Every major area of the District is included in this endeavor.

Resource additions including expanded technology for each teacher and student, new classroom resources in reading, literacy and mathematics, professional development for teachers coupled with measurements of student academic progress throughout the year, targeted remediation and social/emotional awareness all contribute to the holistic approach of learning adopted by the District. Academic growth and proficiency is measured each year in several ways. The 2024 school year was another successful year for students and their accomplishments included the following:

- Overall school performance on the 2024 KY Summative Assessment in the second highest category for each aggregate school level, elementary, middle and high
- A high percentage of students performing at or above Proficient and Distinguished and above the state average
- ACT average is above the state in all content areas and the overall composite score
- Four year graduation rate increased by 2.3 % to 97.9% in 2024
- Post-secondary readiness increased 15% over the last two years to reach 95.6%
- Increased student participation in extra and co-curricular activities in 2024

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

FINANCIAL HIGHLIGHTS

Net Position increased \$26.9 million reflecting an increase in annual tax revenue and earnings on investments.

Total Revenues were \$204 million for the year. General revenues accounted for \$170 million, 83 percent of the total, while program specific revenues, in the form of charges for services and sales, grants, and contributions, accounted for \$34 million or 17 percent of total revenues. The District incurred \$177 million in total expenses.

Governmental Fund Revenues were \$195.5 million with \$149 million accounted for in the General Fund. Local tax revenues increased to \$86.5 million while state SEEK revenues decreased by \$4 million. Federal grant program revenue collections increased \$1.6 million due to collection of expiring Coronavirus Response & Relief grants.

Governmental Fund Expenditures totaled \$218.6 million during 2024 with General Fund expenses comprising \$141 million of that total. All District schools delivered instruction in-person for the entire school year.

The General Fund ended the year with a reserve balance of \$41.7 million which represents 23% of the non-construction budget for the year. \$25.6 million of the \$62.9 million Total Fund Balance is either restricted or committed to capital/construction projects or operating obligations. The Unassigned Fund Balance at the end of the year is \$37.3 million.

District facility activity during 2024 included the final phases on the addition/renovation to Scott High School, safety and security enhancements and building renovation projects for five schools to address student population needs and eliminate temporary classroom facilities. In addition, construction work began on the new Transportation and Operations Support building and site preparation on the central office building project.

School Revenue Bonds were issued in July, 2023 for \$34.95 million to finance the construction of the Support Operations Facility.

OVERVIEW OF FINANCIAL STATEMENTS

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

District-wide financial statements. The District-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. This financial perspective is provided via the Statement of Net position and the Statement of Activities.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Net Position is one indication of financial health and position to support future operations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors, such as changes in the District's property tax base and the condition of school facilities, also contribute to evaluating the District's overall financial position.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

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

The District-wide financial statements are divided into two categories, governmental activities and business-type activities. Governmental activities include functions of the District that are principally supported by property taxes and intergovernmental revenues and include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. Business-type activities are those that charge a fee to assist in covering the cost of the service. Food Service is the only business-type activity reported in these financial statements.

The district-wide financial statements can be found on pages 15 and 16 of this report.

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

The basic governmental fund financial statements can be found on pages 17 through 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 60 of this report.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position for the periods ended June 30, 2024 and 2023

The following is a summary of net position for the fiscal years ended June 30, 2024 and 2023.

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Current assets | \$ 79,316,538 | \$ 67,400,708 |
| Noncurrent assets | <u>321,981,026</u> | <u>295,524,354</u> |
| Total assets | <u>401,297,564</u> | <u>362,925,062</u> |
| | | |
| Deferred outflows | <u>33,848,372</u> | <u>41,467,650</u> |
| | | |
| Current liabilities | 31,663,854 | 30,414,650 |
| Noncurrent liabilities | <u>286,839,097</u> | <u>299,381,452</u> |
| Total liabilities | <u>318,502,951</u> | <u>329,796,102</u> |
| | | |
| Deferred inflows | <u>45,683,386</u> | <u>30,569,077</u> |
| | | |
| Net position | | |
| Investment in capital assets (net of debt) | 87,686,992 | 80,338,313 |
| Restricted | 20,378,768 | 12,297,092 |
| Unrestricted | <u>(37,106,161)</u> | <u>(48,607,872)</u> |
| | | |
| Total net position | <u>\$ 70,959,599</u> | <u>\$ 44,027,533</u> |

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Due to state pension plan and OPEB liabilities reflected on the District's balance sheet, Net Position may not be the best indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflow of resources by \$70.9 million as of June 30, 2024. Unrestricted Net Position is (\$37.1) million which includes the recognition of the District's proportionate share of the pension and other post-employment benefits (OPEB) liabilities at year end. Without the effect of the pension and OPEB net liabilities, unrestricted net position would be approximately \$43.8 million. See notes 8 and 9 in the Notes to the Financial Statements.

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

Capital Assets

The largest portion of the District's net position resides in its investment in capital assets, which include land, buildings and improvements, vehicles, furniture and equipment, and construction in progress, less any related outstanding debt. These capital assets enable the District to provide high-quality services and facilities to students and the community. However, it's important to note that these assets are not liquid and cannot be converted directly to cash for debt repayment. As a result, the resources required to service this debt must come from other funding sources.

One major capital improvement is the comprehensive renovation at Scott High School. This multi-year project which reached substantial completion in July 2024, has enhanced all areas of the facility, including classroom spaces, the auditorium, gymnasium, and natatorium. As the only high school with a pool facility in Northern Kentucky, the 440-seat natatorium hosts regional and state swimming and diving meets. It also supports community organizations such as police and fire departments, JROTC, and lifeguard training, as well as open swims, increasing its value as a community resource.

The District has also taken steps to improve operational flow and address space needs at RC Hinsdale Elementary. In 2024, the District acquired three properties near the school to address circulation issues and increase parking capacity. These purchases, totaling \$1.6 million, were funded without additional bonds by utilizing investment earnings, a building fund transfer, and surplus funds from a previous project.

Construction also continues on the Support Operations Facility, which will house a bus garage, maintenance workshop, District storage, technology department workspaces, and support department offices. Revenue Bonds totaling \$34.95 million were issued in July 2023 to fund this facility, which is expected to be operational by early 2025.

Another significant project is the new central office building, a ground-up construction scheduled for completion in 2026. The District has leased its current office space from the Sanitation District for 21 years, and this new facility will provide dedicated administrative offices, meeting rooms, a public training room, virtual learning classrooms, and records storage. Revenue Bonds of \$24.99 million were secured to fund this project, reinforcing the District's commitment to operational efficiency and strategic growth.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Due to high demand and supply chain delays, school buses ordered in 2023 were delivered in the 2024 school year. The District added nine new buses through the Kentucky Intermodal School Transportation System ("KISTA") bond program. This order included eight 84-passenger buses, enhancing route efficiency by replacing 72-passenger buses. Additionally, the District added two special needs buses funded through grant support.

Debt

As of June 30, 2024, the District had \$224.9 million in outstanding bonds, which are serviced through the Debt Service Fund. The Kentucky School Facility Construction Commission ("KSFCC") contributes to servicing a portion of this debt, totaling \$16.6 million. Further details on debt service can be found in Note 17 of the Financial Statements.

The District also continues to participate in the KISTA bus lease/purchase program, approved by the Board, which provides a cost-effective approach to managing transportation needs. Total KISTA debt outstanding as of June 30, 2024, is \$6.12 million, representing a reduction of over \$1.4 million from the previous year. This debt, which is managed through the General Fund, illustrates the District's commitment to maintaining efficient and sustainable transportation resources.

In accordance with Government Accounting Standards Board ("GASB") Statement No. 96 on *Subscription-Based Information Technology Arrangements* ("SBITA"), the District has reviewed its technology subscriptions to ensure compliance with proper classification standards. These subscription-based assets and liabilities are presented in the district-wide financial statements, with further details provided in Notes 20 and 21 of the Financial Statements.

Lease obligations have been recorded in accordance with Government Accounting Standards Board ("GASB") Statement No. 87 as the district entered into a four year lease agreement for technology assets in 2024. The right-to-use assets and liabilities are presented in the district-wide financial statements, with further details provided in Notes of the Financial Statements.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2024 and 2023.

| | <u>2024</u> | <u>2023</u> |
|----------------------------|----------------------|----------------------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 2,694,688 | \$ 2,480,611 |
| Operating grants | 25,572,871 | 23,907,150 |
| Capital grants | 5,797,002 | 7,458,431 |
| Total grant revenues | <u>34,064,561</u> | <u>33,846,192</u> |
| General Revenues | | |
| Taxes | 86,536,390 | 82,478,095 |
| Grants and entitlements | 78,306,381 | 87,266,668 |
| Earnings on investments | 4,561,165 | 2,711,652 |
| Miscellaneous | 706,541 | 2,725,221 |
| Total general revenues | <u>170,110,477</u> | <u>175,181,636</u> |
| Total revenues | 204,175,038 | 209,027,828 |
| Expenses | | |
| Instructional | 97,469,674 | 98,323,036 |
| Student support services | 10,566,719 | 11,731,506 |
| Staff support | 6,488,577 | 9,885,743 |
| District administration | 2,795,187 | 2,788,237 |
| School administration | 10,086,729 | 11,927,527 |
| Business support | 3,578,768 | 4,234,266 |
| Plant operations | 20,841,300 | 23,732,938 |
| Student transportation | 9,322,019 | 9,370,263 |
| Food service operation | 7,229,470 | 7,067,927 |
| Other | 1,358,474 | 2,346,309 |
| Interest on long-term debt | 7,506,055 | 6,329,038 |
| Total expenses | <u>177,242,972</u> | <u>187,736,790</u> |
| Change in net position | <u>\$ 26,932,066</u> | <u>\$ 21,291,038</u> |

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Governmental Activity

All District activities operated on normal schedules in 2024 and schools delivered instruction in-person for the entire school year while student attendance returned to more normal levels.

Funding from the American Rescue Plan covered increased costs related to increased staffing and instruction to address learning loss experienced in the previous three years.

Governmental Revenues experienced a \$4.1 million increase in property taxes and \$1.7 million increase in interest revenue in 2024. Property tax collections rose due to property value increases in the county. Real estate, franchise and motor vehicle all reflected an increase in tax base. State SEEK revenue decreased \$4.0 million due to the local tax effort adjustment related to the tax base increase and a decrease in funded student attendance. State facilities revenue match decreased by \$2.2 million while the state On-behalf decreased by \$7.2 million compared to 2023. Federal collections from relief funds were also lower as these grants near expiration.

Total expenses reflected a decrease of \$17.8 million and reflects the decrease in On-behalf, federal relief and construction project expenditures. Certified and classified salary schedules increased 2.5% to retain and attract staff. With the increase in revenue and bond proceeds, the 2024 fiscal year ended by adding \$11.7 million to Total Fund Balance from current year activities.

Business-Type Activity

The only business-type activity of the District is the food service operation. This program experienced revenues of \$8.5 million and expenditures of \$7.6 million during fiscal year 2024. USDA breakfast and lunch meal reimbursement revenue was \$5.9 million in 2024, an increase of \$452,000. Expenditures also increased as some food items were unavailable and were replaced with higher cost items. Certainly food costs continued to be affected by inflation during 2024 which is expected in the 2025 school year. The 2024 fiscal year ended adding \$862 thousand to net position.

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

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

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Fund financial statements are included on pages 17 – 24. The District accounts include eight different funds with the General Fund reflecting the most activity. Total governmental fund revenues, including on-behalf payments, were \$195.5 million with expenditures of \$218.6 million.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Government Fund tax revenues increased by \$4.0 million in 2024 due to increased property and motor vehicle valuations in Kenton County. Both the General and Building Fund reflected this increase. District and Student Activity Funds also experienced increased revenue activity as extra and co-curricular events returned to the weekly school agendas. Federal grant reimbursements increased by \$1.7 million in 2024 accounting for 7% of government collected revenue. State SEEK and grant funding decreased by \$4.0 million comprising 20% of 2024 government fund collected revenue. The District's property tax base remains strong and increased by \$923 million (9.0%) providing a stable source of operating revenue. The distribution of government fund revenues is approximately 51% from state/federal sources and 49% generated from local sources.

Government Fund expenditures totaled \$218.6 million, a decrease of \$17.7 million from 2023. General Fund expenditures decreased \$8.4 million as no new buses were ordered in 2024 and the annual On-behalf payments decreased by \$7.0 million in 2024. Salary and benefit costs increased \$1.9 million reflecting a 2.5% increase in the salary schedules and the experience step rate increase of approximately 1.3%. Salary and benefits cost represent approximately 85% of the General Fund expenditures each year. The District is committed to hiring and retaining the most qualified personnel. The current compensation schedule is competitive with other Northern Kentucky Districts as well as Ohio and Indiana. This has helped attract highly qualified applicants and retain staff who have been trained by the District. Special Revenue expenditures rose \$1.9 million to fund instructional programs and sessions to address student learning loss and social/emotional needs. The majority of this increase occurred in federal grants. Construction expenditures were \$12 million lower as multiple capital improvement projects were in their final year of completion.

The General Fund ended the year with a fund balance at June 30, 2024 of \$41.7 million. This fund receives approximately 94% of annual cash revenue from local taxes and state SEEK revenue which can vary with the local economic environment and state budget issues. The fund balance will be critical in maintaining instructional programs and facilities as state funding priorities could shift given the current status of the state pension funding deficiencies.

The Special Revenue Fund expended and received \$7.9 million from federal Coronavirus Relief Acts. The funds paid for additional instruction programs after school and during the summer months as well as PPE, health supplies and student technology devices. Some of these federal funds will continue to be available through September, 2024.

BUDGETARY IMPLICATIONS

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

The most significant budgeted fund is the General Fund. By law, this fund budget must include a minimum 2% contingency. The Board adopted a 2024 working budget with \$26 million in contingency (20%). The 2024 General Fund budget is included in the Supplementary Information section of this report. It should be noted that state on-behalf revenues and expenditures of \$36.3 million are not budgeted but are included in the actual results column of the report.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

For the General Fund, total budgeted revenues and other financing sources were \$112 million and actual revenues, excluding on-behalf payments were \$114.4 million. General Fund budgeted expenditures, excluding contingency, were \$117 million while actual expenditures, excluding on-behalf totaled \$108 million. The favorable variances in actual revenue and expenditures resulted in the addition of \$6.4 million to the fund balance at the end of the year.

On-Behalf Payments

The District recorded on-behalf payments in the General Fund in 2024 totaling \$36.3 million and \$572 thousand in the District Academy Fund as required by KDE. On-behalf payments represent amounts paid on behalf of the Kenton County School District by the Commonwealth of Kentucky for employee health insurance, Teachers' Retirement, post-employment benefits and technology services. These revenues and expenditures are not budgeted but are required to be reflected in the annual financial fund reports as a revenue and expenditure. As a result, it should be noted that large variances between budgeted and actual amounts for the General Fund are the result of this inconsistency.

CURRENT ISSUES

District operations and schedules were normal during the 2024 school year however the effects of the health emergency remain evident in student achievement, social and emotional areas. Expanded learning opportunities and programs that began in 2022 to address student learning loss have been incorporated into the daily instruction process and will continue as needed. Funding from the American Rescue Plan provided support during the 2024 school year and will shift to other grant or general funding sources over the next two years.

The local economy is active which creates a challenging environment to attract workers. The District experienced staffing shortages in several positions such as substitute teacher, custodian, food service and bus drivers. The state is also experiencing a shortage of classroom teachers since fewer students are entering college teacher preparation programs. Compensation plans, certification alternatives and aggressive recruiting of certified teachers are helping fill vacancies and maintain effective instruction and district operations. Certain measures were passed by the 2024 General Assembly to address the state wide teacher and other personnel shortages experienced by all Ky school districts. The district continues to experience rising utility, food and service costs due to inflation, the same as any other business in the nation. Fortunately, the property tax base continues to provide adequate tax revenue to offset the expected cost increases.

The KY General Assembly raised the SEEK revenue to \$4,326 and \$4,586 per student for 2025 and 2026 respectively and increased funding for student transportation and school resource officers. The District has been providing full day instruction for Kindergarten students since 2019 and added full day Preschool instruction in 2022. The state currently funds Preschool half-day. The SEEK process continues to redistribute revenue via the 30 cent adjustment process so districts in areas of rising property values do not retain the benefit of all local tax revenue increases.

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

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Capital improvements to existing school buildings and new construction continue throughout the District and have been primarily funded with lease revenue bonds. The 2024 General Assembly authorized school districts to issue general obligation bonds to fund future construction projects in order to benefit from market interest rates. This option was utilized on the August, 2024 bond issue which was issued at a premium. The District continues to participate in an annual financial review with Moody's rating service to secure a specific district issuer rating.

The financial position of the state's pension plans continues to affect the District's financial obligations. Both the Teachers' Retirement and County Employees Retirement Systems are underfunded at this time. The District has always paid its required contribution as determined by the plans. In accordance with the requirements of Governmental Accounting Standards Board Statements 68 and 75, the District has recorded its proportionate share of certain financial aspects of the pension plans in which its employees participate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

DISTRICT-WIDE FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>TOTAL</u> |
|---|------------------------------------|-------------------------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 30,211,159 | \$ 4,844,714 | \$ 35,055,873 |
| Investments | 39,847,726 | | 39,847,726 |
| Accounts receivable | 3,988,135 | 91,386 | 4,079,521 |
| Lease deposit | 36,298 | | 36,298 |
| Inventories | 139,055 | 158,065 | 297,120 |
| SBITA assets, net of amortization | 1,150,824 | | 1,150,824 |
| Leased assets, net of depreciation | 1,233,257 | | 1,233,257 |
| Land and other nondepreciable assets | 33,743,934 | | 33,743,934 |
| Capital assets, net of accumulated depreciation | 285,086,776 | 766,235 | 285,853,011 |
| Total Assets | <u>\$ 395,437,164</u> | <u>\$ 5,860,400</u> | <u>\$ 401,297,564</u> |
| Deferred Outflows of Resources | | | |
| Deferred savings from refunding bonds | \$ 1,294,728 | | \$ 1,294,728 |
| Deferred Outflows from Pension Contributions | 10,490,649 | \$ 1,235,988.00 | 11,726,637 |
| Deferred Outflows from OPEB Contributions | 20,350,608 | 476,399 | 20,827,007 |
| Total Deferred Outflows | <u>\$ 32,135,985</u> | <u>\$ 1,712,387</u> | <u>\$ 33,848,372</u> |
| Liabilities | | | |
| Accounts payable | \$ 9,804,488 | \$ 152,942 | \$ 9,957,430 |
| Accrued interest payable | 2,178,853 | | 2,178,853 |
| Accrued liabilities | 947,594 | 4,128 | 951,722 |
| Unearned revenue | 499,817 | 64,326 | 564,143 |
| Net pension liability | 38,970,390 | 4,591,414 | 43,561,804 |
| Net OPEB liability (asset) | 24,275,762 | (61,064) | 24,214,698 |
| Current maturities of | | | |
| School building revenue bonds | 15,470,000 | | 15,470,000 |
| Equipment finance obligations | 1,250,781 | | 1,250,781 |
| SBITA liabilities | 500,983 | | 500,983 |
| Leased asset liability | 789,942 | | 789,942 |
| Long-term maturities of | | | |
| School building revenue bonds | 211,707,148 | | 211,707,148 |
| Equipment finance obligations | 4,872,525 | | 4,872,525 |
| Compensated absences | 1,404,527 | 81,012 | 1,485,539 |
| SBITA liabilities | 578,559 | | 578,559 |
| Leased asset liability | 418,824 | | 418,824 |
| Total Liabilities | <u>\$ 313,670,193</u> | <u>\$ 4,832,758</u> | <u>\$ 318,502,951</u> |
| Deferred Inflows of Resources | | | |
| Deferred Inflows from Pension Contributions | \$ 9,428,503 | \$ 1,110,848 | \$ 10,539,351 |
| Deferred Inflows from OPEB Contributions | 33,282,520 | 1,861,515 | 35,144,035 |
| Total Deferred Inflows | <u>\$ 42,711,023</u> | <u>\$ 2,972,363</u> | <u>\$ 45,683,386</u> |
| Net Position | | | |
| Net investment in capital assets | \$ 86,920,757 | \$ 766,235 | \$ 87,686,992 |
| Nonspendable fund balance - inventories | 139,055 | | 139,055 |
| Restricted for | | | |
| Capital projects and construction | 19,435,990 | | 19,435,990 |
| Grants and awards | 21,909 | | 21,909 |
| District Activities | 424,910 | | 424,910 |
| School Activities | 1,355,473 | | 1,355,473 |
| Food Service | | (998,569) | (998,569) |
| Unrestricted | (37,106,161) | | (37,106,161) |
| Total Net Position | <u>\$ 71,191,933</u> | <u>\$ (232,334)</u> | <u>\$ 70,959,599</u> |

See Accompanying Notes to Financial Statements

**KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

| | Total District-wide Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------------------------|-------------------------|---------------------------------------|-------------------------------------|--|-----------------------------|-------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Functions/Programs | | | | | | | |
| Governmental activities | | | | | | | |
| Instruction | \$ 97,469,674 | \$ 188,693 | \$ 17,207,679 | | \$ (80,073,302) | | \$ (80,073,302) |
| Support Services: | | | | | | | |
| Student | 10,566,719 | | 2,269,728 | | (8,296,991) | | (8,296,991) |
| Instructional staff | 6,488,577 | | | | (6,488,577) | | (6,488,577) |
| District administrative | 2,795,187 | | | | (2,795,187) | | (2,795,187) |
| School administrative | 10,086,729 | | | | (10,086,729) | | (10,086,729) |
| Business support services | 3,578,768 | | | | (3,578,768) | | (3,578,768) |
| Plant operation and maintenance | 20,841,300 | 249,077 | | | (20,592,223) | | (20,592,223) |
| Transportation | 9,322,019 | 904,053 | | | (8,417,966) | | (8,417,966) |
| Community services | 1,256,229 | 2,261 | 198,051 | | (1,055,917) | | (1,055,917) |
| Other instructional | 102,245 | | | | (102,245) | | (102,245) |
| Facilities acquisition & construction | | | | \$ 5,212,944 | 5,212,944 | | 5,212,944 |
| Interest | 7,506,055 | | | | (7,506,055) | | (7,506,055) |
| Total governmental activities | 170,013,502 | 1,344,084 | 19,675,458 | 5,212,944 | (143,781,016) | | (143,781,016) |
| Business-type activities | | | | | | | |
| School food services | 7,229,470 | 1,350,604 | 5,897,413 | 584,058 | | \$ 602,605 | 602,605 |
| Total business-type activities | 7,229,470 | 1,350,604 | 5,897,413 | 584,058 | | 602,605 | 602,605 |
| Total activities | \$ 177,242,972 | \$ 2,694,688 | \$ 25,572,871 | \$ 5,797,002 | \$ (143,781,016) | \$ 602,605 | \$ (143,178,411) |
| General revenues: | | | | | | | |
| Taxes | | | | | | | |
| Property taxes | | | | | | | |
| | | | | | \$ 79,550,577 | | \$ 79,550,577 |
| Utility taxes | | | | | | | |
| | | | | | 6,985,813 | | 6,985,813 |
| State and federal sources | | | | | | | |
| SEEK program revenues | | | | | | | |
| | | | | | 37,764,507 | | 37,764,507 |
| On behalf revenues | | | | | | | |
| | | | | | 36,937,950 | \$ 461,259 | 37,399,209 |
| Other state revenues and grants | | | | | | | |
| | | | | | 3,075,272 | 67,393 | 3,142,665 |
| Interest and investment earnings | | | | | | | |
| | | | | | 4,379,276 | 181,889 | 4,561,165 |
| Gain/(Loss) on disposition of capital asse | | | | | | | |
| | | | | | 87,865 | (1,705) | 86,160 |
| Miscellaneous | | | | | | | |
| | | | | | 620,381 | | 620,381 |
| Fund Transfer | | | | | | | |
| | | | | | 449,174 | (449,174) | |
| Total general revenues | | | | | | | |
| | | | | | 169,850,815 | 259,662 | 170,110,477 |
| Change in net position | | | | | | | |
| | | | | | 26,069,799 | 862,267 | 26,932,066 |
| Net position, beginning of year | | | | | | | |
| | | | | | 45,122,134 | (1,094,601) | 44,027,533 |
| Net position, end of year | | | | | | | |
| | | | | | \$ 71,191,933 | \$ (232,334) | \$ 70,959,599 |

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**KENTON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Construction Fund</u> | <u>Total Nonmajor Gov't Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|------------------------------|---|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 11,688,798 | \$ - | \$ 15,057,623 | \$ 3,464,738 | \$ 30,211,159 |
| Investments | 29,862,063 | | 9,985,663 | | 39,847,726 |
| Inventory | 139,055 | | | | 139,055 |
| Lease Deposit | 36,298 | | | | 36,298 |
| Accounts and grants receivable | 1,853,645 | 2,130,202 | | 4,289 | 3,988,136 |
| Total Assets | <u>\$ 43,579,859</u> | <u>\$ 2,130,202</u> | <u>\$ 25,043,286</u> | <u>\$ 3,469,027</u> | <u>\$ 74,222,374</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ 847,161 | \$ 1,661,389 | \$ 6,185,026 | \$ 1,110,913 | \$ 9,804,489 |
| Accrued Liabilities | 947,594 | | | | 947,594 |
| Unearned Revenue | 31,004 | 468,813 | | | 499,817 |
| Total Liabilities | <u>1,825,759</u> | <u>2,130,202</u> | <u>6,185,026</u> | <u>1,110,913</u> | <u>11,251,900</u> |
| Fund Balances | | | | | |
| NonSpendable | 139,055 | | | | 139,055 |
| Restricted | 21,909 | | 18,858,260 | 1,933,203 | 20,813,372 |
| Committed | 1,457,905 | | | 424,911 | 1,882,816 |
| Assigned | 2,791,099 | | | | 2,791,099 |
| Unassigned | 37,344,132 | | | | 37,344,132 |
| Total Fund Balances | <u>41,754,100</u> | | <u>18,858,260</u> | <u>2,358,114</u> | <u>62,970,474</u> |
| Total Liabilities and Fund Balances | <u>\$ 43,579,859</u> | <u>\$ 2,130,202</u> | <u>\$ 25,043,286</u> | <u>\$ 3,469,027</u> | <u>\$ 74,222,374</u> |

See Accompanying Notes to Financial Statements

**KENTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

| | |
|---|---------------|
| Total Governmental Fund Balances | \$ 62,970,474 |
|---|---------------|

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

| | |
|---|-------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund balance sheet. | 318,901,992 |
|---|-------------|

| | |
|---|-----------|
| Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the governmental funds balance sheet. | 1,294,728 |
|---|-----------|

| | |
|--|-----------|
| Deferred outflows and inflows from pension are not financial resources and therefore are not reported as assets in the governmental funds balance sheet. | 1,062,146 |
|--|-----------|

| | |
|---|--------------|
| Deferred outflows and inflows from OPEB are not financial resources and therefore are not reported as assets in the governmental funds balance sheet. | (12,931,912) |
|---|--------------|

Long-term liabilities, including bonds payable, are not due and payable in the government funds balance sheet. Long-term liabilities at year-end consist of:

| | |
|-----------------------------------|---------------|
| Bonds & Equipment Finance Payable | (233,275,962) |
| Accrued Interest - Bonds Payable | (2,178,854) |
| Compensated Absences | (1,404,527) |
| Net Pension Liability | (38,970,390) |
| Net OPEB Liability | (24,275,762) |
| | (300,105,495) |

| | |
|--|----------------------|
| Net Position of Governmental Activities | \$ 71,191,933 |
|--|----------------------|

See Accompanying Notes to Financial Statements

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

| | General Fund | Special Revenue Fund | Construction Fund | Total Nonmajor Gov't Funds | Total Governmental Funds |
|--|--------------------|----------------------------|----------------------|----------------------------------|--------------------------------|
| Revenues | | | | | |
| Local sources | | | | | |
| Property taxes | \$ 53,155,926 | | | \$ 18,480,945 | \$ 71,636,871 |
| Motor Vehicle taxes | 7,913,706 | | | | 7,913,706 |
| Utilities taxes | 6,985,813 | | | | 6,985,813 |
| Tuition and fees | 188,693 | | | | 188,693 |
| Transportation Revenue | 904,053 | | | | 904,053 |
| Other local revenues | 965,351 | | | 2,145,028 | 3,110,379 |
| Grants from local agencies and donors | | \$ 70,697 | | 158,424 | 229,121 |
| State sources | | | | | |
| SEEK program | 37,764,507 | | | 1,294,950 | 39,059,457 |
| FSPK program | | | | 1,254,090 | 1,254,090 |
| KSFCC allocation | | | | 2,663,904 | 2,663,904 |
| Other state revenues | 37,353,211 | 4,751,245 | | 572,670 | 42,677,126 |
| Federal sources | | | | | |
| | 616,063 | 13,927,712 | | | 14,543,775 |
| Interest Income on Investments | 3,002,618 | | \$ 1,323,665 | 52,992 | 4,379,275 |
| Total Revenues | 148,849,941 | 18,749,654 | 1,323,665 | 26,623,003 | 195,546,263 |
| Expenditures | | | | | |
| Instruction | 82,362,675 | 13,787,244 | | 4,953,619 | 101,103,538 |
| Student support services | 10,909,613 | 656,495 | | 419 | 11,566,527 |
| Instructional staff support services | 4,644,410 | 2,381,345 | | 11,311 | 7,037,066 |
| District administrative support services | 2,924,314 | 43,357 | | | 2,967,671 |
| School administrative support services | 10,878,778 | | | 382,042 | 11,260,820 |
| Business support services | 3,920,543 | | | | 3,920,543 |
| Plant operations and maintenance | 15,561,013 | 219,210 | | 52,061 | 15,832,284 |
| Transportation | 8,207,759 | 437,094 | | 2,110 | 8,646,963 |
| Community services | 50 | 1,282,441 | | | 1,282,491 |
| Educational Specific | | 102,245 | | | 102,245 |
| Building renovations | | | 30,879,372 | | 30,879,372 |

See Accompanying Notes to Financial Statements

Continued

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Construction Fund</u> | <u>Total Nonmajor Gov't Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|------------------------------|---|---|
| Expenditures (Continued) | | | | | |
| Debt Service | | | | | |
| Principal | 1,409,665 | | | 15,750,000 | 17,159,665 |
| Interest | 205,084 | | | 6,557,495 | 6,762,579 |
| Bond issuance costs | | | 135,850 | | 135,850 |
| Total Expenditures | <u>141,023,904</u> | <u>18,909,431</u> | <u>31,015,222</u> | <u>27,709,057</u> | <u>218,657,614</u> |
| Excess (deficit) of revenues over expenditures | 7,826,037 | (159,777) | (29,691,557) | (1,086,054) | (23,111,351) |
| Other financing sources (uses) | | | | | |
| Proceeds of revenue bond sales | | | 34,950,000 | | 34,950,000 |
| Discount on bonds sold | | | (620,835) | | (620,835) |
| Proceeds from sale of assets | 87,865 | | | | 87,865 |
| Proceeds from capital equipment financing | | | | | - |
| Transfers in | 1,847,565 | 263,217 | 1,195,715 | 22,152,115 | 25,458,612 |
| Transfers out | <u>(3,368,628)</u> | <u>(103,440)</u> | <u> </u> | <u>(21,537,370)</u> | <u>(25,009,438)</u> |
| Total other financing sources (uses) | <u>(1,433,198)</u> | <u>159,777</u> | <u>35,524,880</u> | <u>614,745</u> | <u>34,866,204</u> |
| Net change in fund balances | 6,392,839 | - | 5,833,323 | (471,309) | 11,754,853 |
| Fund balances, beginning of year | <u>35,361,261</u> | | <u>13,024,937</u> | <u>2,829,423</u> | <u>51,215,621</u> |
| Fund balances, end of year | <u>\$ 41,754,100</u> | <u>\$ -</u> | <u>\$ 18,858,260</u> | <u>\$ 2,358,114</u> | <u>\$ 62,970,474</u> |

Continued from Previous Page

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| | | |
|--|----|------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 11,754,853 |
|--|----|------------|

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

| | | |
|--|--|--------------|
| Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year as well as differences in gains and losses on capital asset sales | | 24,759,442 |
| Bond proceeds are recorded as revenues in the fund financial statements but are additions to liabilities in the statement of net position. | | (34,950,000) |
| Capital lease payments and bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position. | | 17,159,665 |
| Accrued bond interest payable is not reported as a liability in the fund financial statements but is recorded in the statement of net position | | (396,072) |
| Bond premiums are not reported as a part of long-term debt in the fund financial statements but are recorded in the statement of net position | | 956,296 |
| Capitalized savings from bond refunding's are not reported in the fund financial statements but must be amortized over the remaining life of the bonds in the statement of activities. | | (634,515) |
| Net Pension Liability is not reported as a liability in the fund financial statements but is recorded in the statement of net position | | 3,427,174 |
| Net OPEB Liability is not reported as a liability in the fund financial statements but is recorded in the statement of net position | | 4,387,515 |
| Accrued Interest is recorded as a liability on the district-wide financial statements but is recorded in the statement of net position | | (91,532) |
| SBITA assets are reported as expenditures in the fund financial statements but are presented as assets and liabilities in the statement of activities and amortized over time. | | (227,537) |
| Leased assets are reported as expenditures in the fund financial statements but are presented as assets and liabilities in the statement of activities and amortized over time. | | 24,491 |
| Noncurrent accrued sick leave is not reported as a liability in the fund financial statements but is recorded in the statement of net position | | (99,981) |

| | | |
|---|----|-------------------|
| Change in Net Position of Governmental Activities | \$ | <u>26,069,799</u> |
|---|----|-------------------|

See Accompanying Notes to Financial Statements

PROPRIETARY FUND FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2024

| | Food Service |
|--|---------------------|
| Assets | |
| Cash and cash equivalents | \$ 4,844,714 |
| Accounts Receivable | 91,386 |
| Inventories | 158,065 |
| Total Current Assets | 5,094,165 |
| Noncurrent Assets | |
| Capital assets | 2,947,385 |
| Less: Accumulated Depreciation | (2,181,150) |
| Total Noncurrent Assets | 766,235 |
| Deferred Outflows of Resources | |
| Pension Contributions | 1,235,988 |
| OPEB Contributions | 476,399 |
| Total Deferred Outflows | 1,712,387 |
| Total Assets | \$ 7,572,787 |
| Liabilities | |
| Accounts Payable | \$ 152,942 |
| Unearned Revenue | 64,326 |
| Accrued Payroll | 4,128 |
| Long-term maturities of compensated absences | 81,012 |
| Net pension Liability | 4,591,414 |
| Net OPEB Liability (asset) | (61,064) |
| Total Liabilities | 4,832,758 |
| Deferred Inflows of Resources | |
| Deferred Inflows from pension Contributions | 1,110,848 |
| Deferred Inflows from OPEB Contributions | 1,861,515 |
| Total Deferred Inflows | 2,972,363 |
| Net Position | |
| Net investment in capital assets | 766,235 |
| Restricted | (998,569) |
| Total Net Position | (232,334) |
| Total Liabilities & Net Position | \$ 7,572,787 |

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

| | Food Service |
|--|--------------|
| Operating revenues | |
| Lunchroom sales | \$ 1,231,230 |
| Other operating revenues | 119,374 |
| Total operating revenues | 1,350,604 |
| Operating expenses | |
| Salaries and wages | 2,964,240 |
| Contract Services | 187,093 |
| Materials and supplies | 3,983,512 |
| Depreciation | 88,246 |
| Other Expenses | 455,554 |
| Total operating expenses | 7,678,645 |
| Operating loss | (6,328,041) |
| Non-operating revenues (expenses) | |
| Federal grants | 5,908,189 |
| Donated commodities | 584,058 |
| On-behalf revenues | 461,259 |
| State grants | 56,617 |
| Investment income | 181,890 |
| Loss on disposal of fixed assets | (1,705) |
| Total non-operating revenues | 7,190,308 |
| Change in Net Position | 862,267 |
| Net Position, beginning of year | (1,094,601) |
| Net Position, end of year | \$ (232,334) |

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
Proprietary Fund
For the Year Ended June 30, 2024

| | |
|--|----------------|
| Cash Flows from Operating Activities | |
| Cash Received From: | |
| Lunchroom Sales | \$ 1,231,230 |
| Other Activities | 119,374 |
| Cash Paid To/For: | |
| Employees | (2,983,537) |
| Supplies | (3,913,298) |
| Net cash used by operating activities | (5,546,231) |
| Cash Flows from Capital and Related Financing Activity | |
| Purchases of capital assets | (350,788) |
| Cash Flows from Investing Activity | |
| Investment income | 181,890 |
| Cash Flows from Noncapital Financing Activity | |
| Cash received from non-operating revenues | 5,849,006 |
| Net increase in Cash and Cash Equivalents | 133,877 |
| Balances - beginning of year | 4,710,837 |
| Balances - end of year | \$ 4,844,714 |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities | |
| Operating Loss | \$ (6,328,041) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Commodities Used | 584,058 |
| On-behalf payments | 461,259 |
| Depreciation | 88,246 |
| Change in Assets and Liabilities: | |
| Inventory | (17,642) |
| Accounts payable | 146,445 |
| Accrued Payroll | (88) |
| Accrued sick leave | 12,600 |
| Pension Deferrals and Net Liability | (264,750) |
| OPEB Deferrals and Net Liability | (228,318) |
| Net Cash Used by Operating Activities | \$ (5,546,231) |
| SCHEDULE OF NON-CASH TRANSACTIONS | |
| Donated commodities received from federal government | \$ 584,058 |
| On-behalf payments | \$ 461,259 |

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Kenton County School District
Notes to Financial Statements
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Kenton County Board of Education (the “Board”), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Kenton County School District (“District”). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Kenton County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Parent-Teacher Associations, etc.

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

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

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

Basis of Presentation

District-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The District has the following funds:

- i. Governmental Fund Types
 - a) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
 - b) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on pages 86-88. This is a major fund of the District.
 - c) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

school activity funds but must meet the “educational purpose” standard for all District expenditures.

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

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

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

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$43,472,189 for ongoing projects. This is a major fund of the District.

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

ii. Debt Service Fund

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

iii. Proprietary Fund (Enterprise Fund)

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

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Accounting

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

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

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

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

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

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

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

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Taxes

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

Fair Value Measurements

GAAP has established a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Capital Assets

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

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

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> |
|----------------------------|--|
| Buildings and improvements | 25-50 years |
| Land improvements | 20 years |
| Technology equipment | 5 years |
| Vehicles | 5-10 years |
| General equipment | 10 years |
| Food service equipment | 10-12 years |
| Furniture and fixtures | 7 years |
| Other | 10 years |

Accumulated Unpaid Sick Leave Benefits

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of finance leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

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

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

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

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

Net Position

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

Operating Revenues and Expenses

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

Interfund Activity

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

Leases

The District adopted GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. The District is a lessee for various noncancellable leases of equipment and vehicles.

Short-Term Leases

For leases with a maximum possible term of 12 months or less at commencement, the District recognizes expense/expenditure based on the provisions of the lease contract.

Leases Other than Short-Term

For all other leases, the District recognizes a lease liability and an intangible right-to-use lease asset in the applicable columns of the District-wide (governmental or business-type activities) and proprietary fund financial statements.

Measurement of Lease Amounts

At lease commencement, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease

Kenton County School District
Notes to Financial Statements
Year Ended June 30, 2024

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the District is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Key Estimates and Judgements

Key estimates and judgements include how the District determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

- The District generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.
- The lease term includes the noncancellable period of the lease plus any additional periods covered by either the District or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Period in which both the District and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.
- Payments are evaluated by the District to determine if they should be included in the measurement of the lease liability, including those payments that require a determination of whether they are reasonably certain of being made.

Remeasurement of Lease Amounts

The District monitors changes in circumstances that may require measurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

Presentation in Statement of Net Position

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt in the statement in the statement of net position.

NOTE 2 **ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 3 CASH AND CASH EQUIVALENTS

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

NOTE 4 CAPITAL ASSETS

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

| | Balance June 30, 2023 | Additions | Dispositions | Balance June 30, 2024 |
|---|--------------------------|----------------|---------------|--------------------------|
| <u>Governmental activities</u> | | | | |
| Land | \$ 10,482,466 | \$ 1,609,733 | | \$ 12,092,199 |
| Land improvements | 7,129,836 | 81,458 | | 7,211,294 |
| Buildings & building improvements | 335,663,849 | 76,308,951 | \$ 91,167 | 411,881,633 |
| Technology equipment | 14,454,292 | 1,266,627 | 1,542,183 | 14,178,736 |
| Vehicles | 14,457,379 | 2,022,318 | 650,162 | 15,829,535 |
| General equipment | 4,548,187 | 2,046,668 | 97,420 | 6,497,435 |
| Construction in progress | 67,707,409 | 29,972,833 | 76,028,507 | 21,651,735 |
| Total assets at historical cost | 454,443,418 | 113,308,588 | 78,409,439 | 489,342,567 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 3,619,165 | 236,067 | | 3,855,232 |
| Buildings & building improvements | 139,339,380 | 8,476,084 | 51,746 | 147,763,718 |
| Technology equipment | 7,958,895 | 1,796,474 | 1,448,758 | 8,306,611 |
| Vehicles | 6,804,584 | 1,522,676 | 650,162 | 7,677,098 |
| General equipment | 2,650,126 | 337,681 | 78,609 | 2,909,198 |
| Total Accumulated depreciation | 160,372,150 | 12,368,982 | 2,229,275 | 170,511,857 |
| Government activities capital assets - net | \$ 294,071,268 | \$ 100,939,606 | \$ 76,180,164 | \$ 318,830,710 |
| | | | | |
| | Balance June 30, 2023 | Additions | Dispositions | Balance June 30, 2024 |
| <u>Business-Type activities</u> | | | | |
| General equipment | \$ 2,745,914 | \$ 350,788 | \$ 238,255 | \$ 2,858,447 |
| Vehicles | 59,923 | | | 59,923 |
| Technology equipment | 35,921 | | 6,906 | 29,015 |
| Total assets at historical cost | 2,841,758 | 350,788 | 245,161 | 2,947,385 |
| Accumulated depreciation | | | | |
| Food service equipment | 2,274,981 | 74,191 | 236,667 | 2,112,505 |
| Vehicles | 54,049 | 5,874 | | 59,923 |
| Technology equipment | 7,330 | 8,181 | 6,789 | 8,722 |
| Total accumulated depreciation | 2,336,360 | 88,246 | 243,456 | 2,181,150 |
| Business-type activities capital assets - net | \$ 505,398 | \$ 262,542 | \$ 1,705 | \$ 766,235 |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense by function for the fiscal year ended June 30, 2024 was as follows:

| | <u>Governmental</u> | <u>Business-Type</u> |
|--|----------------------|----------------------|
| Instruction | \$ 3,625,170 | \$ - |
| Student Support Services | 10,233 | - |
| Instructional staff support services | 14,304 | - |
| District administration support services | 47,353 | - |
| School Admin Support | 23,286 | - |
| Business support services | 38,537 | - |
| Plant operation and maintenance | 7,086,895 | - |
| Food service | - | 88,246 |
| Transportation | 1,523,168 | - |
| Community services | 36 | - |
| | <u>\$ 12,368,982</u> | <u>\$ 88,246</u> |

NOTE 5 ACCRUED SICK LEAVE BENEFITS

In accordance with GAAP, the District has recorded accrued sick leave as a liability in the District-wide statement of net position since the majority of these liabilities are not expected to be liquidated with expendable available financial resources. Accrued sick leave, which has no maximum accumulation, is payable upon retirement at 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

NOTE 6 LEASE LIABILITIES

KISTA Finance Lease

The District is financing the acquisition of buses through various Kentucky Interlocal School Transportation Association ("KISTA") agreements. The obligations under the leases expire between 2025 and 2033. The assets and liabilities under KISTA liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under KISTA liabilities is included in depreciation expense.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 6 LEASE LIABILITIES (Continued)

Future minimum lease payments under KISTA liabilities as of June 30, 2024, for each of the next five years and in the aggregate are as follows:

| Year Ending June 30, | |
|---|---------------------|
| 2024-2025 | \$ 1,424,773 |
| 2025-2026 | 1,253,245 |
| 2026-2027 | 1,084,194 |
| 2027-2028 | 890,120 |
| 2028-2029 | 728,913 |
| Thereafter | <u>1,398,643</u> |
| Total minimum payments | 6,779,888 |
| Lees amount representing interest | <u>656,582</u> |
| Present value of net minimum liability payments | <u>\$ 6,123,306</u> |

Equipment Lease

Beginning on July 1, 2023, the District entered into a long-term lease for Chromebooks. In accordance with GASB 87, the assets have been reflected in the financial statements as right-to-use assets along with the associated liability. The assets and liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under lease is included in Instruction expenditures.

Future minimum lease payments under the equipment lease as of June 30, 2024, for each of the next three years and in the aggregate are as follows:

| Year Ending June 30, | |
|---|---------------------|
| 2024-2025 | \$ 435,577 |
| 2025-2026 | 435,577 |
| 2026-2027 | <u>435,577</u> |
| Total minimum payments | 1,306,731 |
| Lees amount representing interest | <u>97,965</u> |
| Present value of net minimum liability payments | <u>\$ 1,208,766</u> |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT

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

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

| <u>Issue Date</u> | <u>Proceeds</u> | <u>Rates</u> |
|--------------------|-----------------|-----------------|
| March 7, 2013 | 30,545,000 | 2.000% - 3.000% |
| May 16, 2013 | 12,005,000 | 2.000% - 3.125% |
| March 5, 2014 | 4,170,000 | 1.000% - 4.000% |
| April 1, 2015 | 14,445,000 | 2.000% - 3.000% |
| April 10, 2015 | 8,895,000 | 2.000% - 3.000% |
| May 28, 2015 | 17,320,000 | 3.000% - 3.625% |
| March 9, 2016 | 25,190,000 | 2.000% - 4.000% |
| April 19, 2016 | 19,400,000 | 2.000% - 3.250% |
| June 5, 2017 | 5,125,000 | 2.000% - 3.550% |
| November 7, 2017 | 2,280,000 | 3.00% |
| April 18, 2018 | 13,945,000 | 2.000% - 4.000% |
| May 7, 2020 | 12,850,000 | 1.500% - 3.000% |
| September 30, 2020 | 7,670,000 | 1.500% - 1.750% |
| November 29, 2021 | 29,125,000 | 2.000% - 3.000% |
| - February 2, 2022 | 48,385,000 | 2.000% - 5.000% |
| July 14, 2022 | 2,490,000 | 2.500% - 4.000% |
| August 2, 2023 | 34,950,000 | 4.00% |

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

The District entered into "participation agreements" with the School Facility Construction Commission (the "Commission"). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 17 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2024 for debt service (principal and interest) are reported in Note 16.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

Benefits provided

CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT 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. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly final rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

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

| | Required Contributions |
|--------|------------------------|
| Tier 1 | 5% |
| Tier 2 | 5% + 1% for insurance |
| Tier 3 | 5% + 1% for insurance |

The contribution requirement for CERS for the year ended June 30, 2024, was \$5,899,616, which consisted of \$4,765,617 from the District and \$1,133,999 from the employees. Total contributions for the year ended June 30, 2023 and 2022 were \$5,808,422 and \$5,131,621, respectively. The contributions have been contributed in full for fiscal years 2024, 2023 and 2022.

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

Plan description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky Revised Statues and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/employers/information/gasb-65-67/>.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

Benefits provided

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. New employees hired after July 1, 2008 but before December 31, 2021 who retire with less than ten years will receive monthly benefits equal to 1.7% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 20 to 26 years of service will receive monthly benefits equal to 2.3% of their final average salary for each year of service. Lastly, new employees hired between July 1, 2008 and December 31, 2021 with between 26-30 years of service. Effective January 1, 2022 the system has been amended to change the benefit structure for employees hired on or after that date.

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. For members who began participating before Jan. 1, 2022, non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.565 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. For members employed by local school

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% or 17.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

The contribution requirement for TRS for the year ended June 30, 2024, was \$12,292,078, which consisted of \$2,893,661 from the District and \$9,398,417 from the employees. Total contributions for the year ended June 30, 2023 and 2022 were \$11,929,797 and \$11,215,587, respectively. The contributions have been contributed in full for fiscal years 2024, 2023 and 2022.

Medical Insurance Plan

Plan description

In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund (MIF) is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

Funding policy

In order to fund the post-retirement healthcare benefit, 7.50% of the gross annual payroll of members is contributed. Member contributions are 3.75% and 0.75% is paid from state appropriate. Employer contributions are 3.00%. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|-----------------------|
| District's proportionate share of the CERS net pension liability | \$ 43,561,804 |
| Commonwealth's proportionate share of the TRS net pension liability associated with the District | <u>335,481,462</u> |
| | <u>\$ 379,043,266</u> |

The net pension liability for each 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 for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.678902% percent.

For the year ended June 30, 2024, the District recognized pension expense of \$985,243 related to CERS. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 2,255,111 | \$ 118,370 |
| Changes of assumptions | - | 3,992,469 |
| Net difference between projected and actual earnings on pension plan investments | 4,705,909 | 5,300,115 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | 1,128,397 |
| District contributions after the measurement date | <u>4,765,617</u> | <u>-</u> |
| Total | <u>\$ 11,726,637</u> | <u>\$ 10,539,351</u> |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

\$4,765,617 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | |
|---------------------|----------------|
| 2024 | \$ (2,255,106) |
| 2025 | (1,873,982) |
| 2026 | 972,476 |
| 2027 | (421,719) |
| 2028 | - |

Actuarial assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | CERS | TRS |
|--|-------|--------------|
| Inflation | 2.30% | 2.50% |
| Projected salary increases | 2.00% | 3.00 - 7.50% |
| Investment rate of return, net of investment expense and inflation | 6.25% | 7.10% |

For CERS, mortality rates used for active members for PUB-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2022, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2023. The mortality table used for disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each groups: service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5- year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

For CERS, the long-term expected return on plan assets is reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. In general, the assumptions and methods used in the June 30, 2023 valuation are based on the most recent actuarial experience study performed as of June 30, 2022, submitted, and adopted by the Boards in May and June 2023. The future investment earnings of plan assets are assumed to accumulate at a rate of 6.50% per annum. This rate consists of a 2.50% price inflation component and a 4.00% real rate of return component. This assumption was adopted in 2023.

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

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

| <u>Asset Classes</u> | <u>TRS Target Allocation</u> | <u>TRS Long-Term Expected Real Rate of Return</u> | <u>CERS Target Allocation</u> | <u>CERS Long-Term Expected Real Rate of Return</u> |
|--------------------------------|------------------------------|---|-------------------------------|--|
| U.S. equity | 38.0% | 5.00% | 50.0% | 5.90% |
| Developed international equity | 15.7% | 5.50% | | |
| Emerging markets equity | 5.3% | 6.10% | | |
| Core bonds | | | 10.0% | 2.45% |
| Private equity | 7.0% | 8.00% | 10.0% | 11.73% |
| High yield | 5.0% | 3.80% | 10.0% | 3.65% |
| Fixed income | 15.0% | 1.90% | | |
| Additional categories | 5.0% | 3.60% | | |
| Real estate | 7.0% | 3.20% | 7.0% | 4.99% |
| Real return | | | 13.0% | 5.15% |
| Cash | 2.0% | 1.60% | 0.0% | 1.39% |
| Total | <u>100.00%</u> | | <u>100.00%</u> | |

Discount rate

For CERS, the discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

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

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

The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|------------------------------|--------------------|
| CERS | 5.50% | 6.50% | 7.50% |
| District's proportionate share of net pension liability | \$ 54,999,409 | \$ 43,561,804 | \$ 34,056,724 |
| TRS | 6.10% | 7.10% | 8.10% |
| District's proportionate share of net pension liability | \$ - | \$ - | \$ - |

Pension plan fiduciary net position

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

NOTE 9 OPEB PLANS

General information about the Teachers’ Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Kenton County School District are provided OPEBs through the Teachers’ Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple- employer defined benefit OPEB plan with a special funding situation established to provided retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statues and therefore is included in the Commonwealth’s

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

Medical Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

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

Plan description

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS.

Benefits

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 8 for tier classifications.

Contributions

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

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

At June 30, 2024, the Kenton County School District reported a liability of \$ 24,214,698 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 1.03 percent for TRS, which was an decrease of 0.37 percent of its proportion measured as of June 30, 2022. At June 30, 2023, the District's proportion was 0.68 percent for CERS, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2022.

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

| | |
|---|---------------|
| District's proportionate share of the CERS net OPEB asset | \$ (937,302) |
| District's proportionate share of the TRS net OPEB liability | 25,152,000 |
| State's proportionate share of the net OPEB liability associated with the District. | 21,200,000 |
| | \$ 45,414,698 |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,307,398 and revenue of \$1,701,430 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 653,422 | \$ 21,833,767 |
| Changes of assumptions | 7,562,547 | 1,285,464 |
| Net difference between projected and actual earnings on OPEB investments | 2,224,126 | 1,971,657 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 8,215,395 | 10,053,147 |
| District contributions after the measurement date | 2,171,517 | - |
| Total | \$ 20,827,007 | \$ 35,144,035 |

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,171,517 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| Year Ending June 30 | |
|----------------------------|----------------|
| 2025 | \$ (5,321,427) |
| 2026 | (4,163,517) |
| 2027 | (2,182,211) |
| 2028 | 153,000 |
| 2029 | (717,000) |
| Thereafter | (892,000) |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

Actuarial assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>TRS</u> | <u>CERS</u> |
|---------------------------------|---|--|
| Investment rate of return | 7.10%, net of OPEB plan investment expense, including inflation. | 6.25% |
| Projected salary increases | 3.00 - 7.50%, including wage inflation | 3.30% to 10.30%, varies by service |
| Inflation rate | 2.50% | 2.30% |
| Real Wage Growth | 0.25% | |
| Wage Inflation | 2.75% | |
| Healthcare cost trend rates | | |
| Under 65 | 6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032 | Initial trend starting at 6.3% at January 1 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years |
| Ages 65 and Older | 6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032 | 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 |
| Medicare Part B Premiums | 1.55% for FY 2023 with an ultimate rate of 4.50% by 2034 | |
| Municipal Bond Index Rate | 3.66% | 3.86% |
| Discount Rate | 7.10% | 5.93% |
| Single Equivalent Interest Rate | 7.10%, net of OPEB plan investment expense, including price inflation | |

For TRS, mortality rates were based on the Pub2010 (Teachers Amount-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 valuation were based on the results of the most actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

| Asset Classes | Target Allocation | 30 Year Expected Geometric Rate of Return |
|--------------------------------|--------------------------|--|
| Large Cap U.S. equity | 35.4% | 5.00% |
| Small Cap U.S. equity | 2.6% | 5.50% |
| Fixed income | 9.0% | 1.90% |
| Developed international equity | 15.0% | 5.50% |
| Emerging markets | 5.0% | 6.10% |
| High yield bonds | 8.0% | 3.80% |
| Real estate | 6.5% | 3.20% |
| Private equity | 8.5% | 8.00% |
| Other additional categories | 9.0% | 3.70% |
| Cash | 1.0% | 1.60% |
| Total | 100.00% | |

Discount rate

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

For CERS, the discount rate used to measure the total OPEB liability was 5.93%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

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

| | <u>1% Decrease</u> | <u>Current Discount</u> | <u>1% Increase</u> |
|-------------------------------|--------------------|-------------------------|--------------------|
| TRS Discount Rate | 6.10% | 7.10% | 8.10% |
| District's Net OPEB Liability | \$ 32,351,000 | \$ 25,152,000 | \$ 19,202,000 |
| CERS Discount Rate | 4.93% | 5.93% | 6.93% |
| District's Net OPEB Liability | \$ 1,758,959 | \$ (937,302) | \$ (3,195,093) |

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

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

| | <u>1% Decrease</u> | <u>Current Health Care Trend Rate</u> | <u>1% Increase</u> |
|-------------------------------|--------------------|---|--------------------|
| TRS | | | |
| District's Net OPEB Liability | \$ 18,107,000 | \$ 25,152,000 | \$ 33,924,000 |
| CERS | | | |
| District's Net OPEB Liability | \$ (3,004,220) | \$ (937,302) | \$ 1,601,709 |

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit funded by the Life Insurance Fund (LIF) is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions

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

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

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

| | | |
|--|----|---------|
| District's proportionate share of the net OPEB liability - LIF | \$ | - |
| State's proportionate share of the net OPEB liability - LIF associated with the District. | | 525,000 |
| | | 525,000 |
| | \$ | 525,000 |

For the year ended June 30, 2024, the District recognized OPEB expense of \$ 0.

Actuarial assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------------|--|
| Investment rate of return | 7.10%, net of OPEB Plan Investment Expense, including inflation |
| Projected salary increases | 3.00 - 7.50%, including wage inflation |
| Inflation rate | 2.50% |
| Rage wage growth | 0.25% |
| Wage Inflation | 2.75% |
| Municipal bond index rate | 3.37% |
| Discount Rate | 7.10% |
| Single Equivalent Interest Rate | 7.10%, net of OPEB plan Investment Expense, including price inflation |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

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

The 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>30 Year Expected Geometric Real Rate of Return</u> |
|--------------------------------|--------------------------|---|
| U.S. Equity | 40.00% | 5.20% |
| Fixed Income | 21.00% | 1.90% |
| Developed International Equity | 15.00% | 5.50% |
| Emerging Markets | 5.00% | 6.10% |
| Real Estate | 7.00% | 3.20% |
| Private Equity | 5.00% | 8.00% |
| Other Additional Categories | 5.00% | 4.00% |
| Cash | 2.00% | 1.60% |
| | | |
| Total | <u>100.00%</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 assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

| | 1% Decrease | Current Discount | 1% Increase |
|-------------------------------|--------------------|-------------------------|--------------------|
| TRS Discount Rate | 6.10% | 7.10% | 8.10% |
| District's Net OPEB Liability | \$ - | \$ - | \$ - |

OPEB plan fiduciary net position

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

NOTE 10 CONTINGENCIES

Grant Fund Approval

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

NOTE 11 INSURANCE AND RELATED ACTIVITIES

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 12 RISK MANAGEMENT

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

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky School Boards Insurance Trust. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years

NOTE 13 DEFICIT OPERATING/FUND BALANCES

The following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

| | |
|------------------------------|------------|
| Food Service Fund | \$ 232,334 |
| District Activity Fund | 196,034 |
| Building Fund | 294,424 |
| Turkeyfoot Middle School | 4,272 |
| Beechgrove Elementary School | 4,792 |
| Piner Elementary | 4,296 |
| Whites Tower Elementary | 172 |
| Taylor Mill Elementary | 9 |

NOTE 14 COBRA

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 15 TRANSFER OF FUNDS

The following transfers were made during the year.

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|-----------------------|------------------------|-------------------|---------------|
| General Fund | Academy Fund | Operating | \$ 2,296,813 |
| General Fund | Special Revenue Fund | KETS Match | 261,967 |
| General Fund | Debt Service Fund | Debt Service | 809,848 |
| Capital Outlay Fund | General Fund | Operating | 1,294,950 |
| Special Revenue Fund | General Fund | Indirect Costs | 103,440 |
| Student Activity Fund | District Activity Fund | District Activity | 212,961 |
| Building Fund | Debt Service Fund | Debt Service | 18,833,743 |
| Building Fund | Construction Fund | Construction | 1,195,716 |
| Food Service Fund | General Fund | Indirect Costs | 449,174 |

NOTE 16 ON BEHALF PAYMENTS

For the year ended June 30, 2024, total payments of \$40,063,113 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

| | |
|---------------------|--------------------------|
| General Fund | \$ 36,365,280 |
| Debt Service Fund | 2,663,904 |
| Food Service Fund | 461,259 |
| Academy Fund | <u>572,670</u> |
| Total On-Behalf | <u>\$ 40,063,113</u> |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 17 SCHEDULE OF LONG-TERM OBLIGATIONS

2012 - Ref, 2013, 2013 - Ref, 2014, 2015 A - Ref, 2015 B - Ref, 2015 C, 2016 - Ref, 2016 B, 2017,
2017 -Ref, 2018, 2020, 2020 - Ref, 2021, 2022, and 2022 B, 2023

| Fiscal Year | Kenton County School District | | | KY School Facilities Construction | | | Total Requirements |
|-------------|-------------------------------|----------------------|-----------------------|-----------------------------------|---------------------|----------------------|-----------------------|
| | Principal | Interest | Total | Principal | Interest | Total | |
| 2024-2025 | \$ 14,043,253 | \$ 6,307,040 | \$ 20,350,293 | \$ 1,426,747 | \$ 496,851 | \$ 1,923,598 | \$ 22,273,891 |
| 2025-2026 | 14,530,865 | 5,886,229 | 20,417,094 | 1,469,135 | 454,462 | 1,923,597 | 22,340,691 |
| 2026-2027 | 13,969,476 | 5,455,830 | 19,425,306 | 1,340,524 | 412,869 | 1,753,393 | 21,178,699 |
| 2027-2028 | 13,521,068 | 5,036,464 | 18,557,532 | 1,288,932 | 373,699 | 1,662,631 | 20,220,163 |
| 2028-2029 | 13,725,436 | 4,567,795 | 18,293,231 | 1,329,564 | 333,066 | 1,662,630 | 19,955,861 |
| 2029-2030 | 11,209,277 | 4,119,446 | 15,328,723 | 1,245,723 | 292,296 | 1,538,019 | 16,866,742 |
| 2030-2031 | 10,756,576 | 3,789,429 | 14,546,005 | 1,283,424 | 254,595 | 1,538,019 | 16,084,024 |
| 2031-2032 | 10,283,502 | 3,477,772 | 13,761,274 | 1,321,498 | 216,520 | 1,538,018 | 15,299,292 |
| 2032-2033 | 10,574,934 | 3,194,957 | 13,769,891 | 1,360,066 | 177,954 | 1,538,020 | 15,307,911 |
| 2033-2034 | 10,339,867 | 2,895,042 | 13,234,909 | 1,145,133 | 137,776 | 1,282,909 | 14,517,818 |
| 2034-2035 | 10,355,220 | 2,600,002 | 12,955,222 | 1,179,780 | 103,128 | 1,282,908 | 14,238,130 |
| 2035-2036 | 9,855,128 | 2,299,176 | 12,154,304 | 1,149,872 | 66,173 | 1,216,045 | 13,370,349 |
| 2036-2037 | 9,728,772 | 2,008,618 | 11,737,390 | 236,228 | 30,043 | 266,271 | 12,003,661 |
| 2037-2038 | 9,632,196 | 1,717,944 | 11,350,140 | 242,804 | 23,467 | 266,271 | 11,616,411 |
| 2038-2039 | 8,940,923 | 1,421,208 | 10,362,131 | 209,077 | 16,473 | 225,550 | 10,587,681 |
| 2039-2040 | 9,205,255 | 1,155,857 | 10,361,112 | 214,745 | 10,805 | 225,550 | 10,586,662 |
| 2040-2041 | 8,647,540 | 866,266 | 9,513,806 | 97,460 | 4,934 | 102,394 | 9,616,200 |
| 2041-2042 | 8,930,104 | 585,178 | 9,515,282 | 99,896 | 2,497 | 102,393 | 9,617,675 |
| 2042-2043 | 4,960,000 | 300,800 | 5,260,800 | - | - | - | 5,260,800 |
| 2043-2044 | 5,040,000 | 100,800 | 5,140,800 | - | - | - | 5,140,800 |
| | <u>\$ 208,249,392</u> | <u>\$ 57,785,853</u> | <u>\$ 266,035,245</u> | <u>\$ 16,640,608</u> | <u>\$ 3,407,608</u> | <u>\$ 20,048,216</u> | <u>\$ 286,083,461</u> |

A summary of the changes in the principal of the outstanding bond obligations, the finance leases and the sick leave liability for the District during the year ended June 30, 2024 is as follows:

| Governmental Activities | Balance | | | Amounts Due | |
|--------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| | July 1, 2023 | Additions | Payments | Balance June 30, 2024 | Within One Year |
| Bond Obligations | \$ 205,690,000 | \$ 34,950,000 | \$ 15,750,000 | \$ 224,890,000 | \$ 15,470,000 |
| Bond Premiums, Net | 3,243,444 | (620,835) | 335,461 | 2,287,148 | |
| Lease liabilities | | | | | |
| KISTA liabilities | 7,532,971 | | 1,409,665 | 6,123,306 | 1,250,781 |
| Right-to-use assets | | 1,644,343 | 435,577 | 1,208,766 | 789,942 |
| Subscription liabilities | 648,869 | 1,056,619 | 625,946 | 1,079,542 | 500,983 |
| Accrued sick leave | 1,372,958 | 239,125 | 207,556 | 1,404,527 | |
| Total | <u>\$ 218,488,242</u> | <u>\$ 37,269,252</u> | <u>\$ 18,764,205</u> | <u>\$ 236,993,289</u> | <u>\$ 18,011,706</u> |

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 18 UNDIVIDED INTEREST IN THE IGNITE INSTITUTE

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

The District has agreed to contribute \$330,000 annually to Ignite to ensure its balance budget and contribute additional funds for any unforeseen costs needed to be incurred beyond the budget. The District is responsible for the transportation costs of the students in its district, and has contributed 26 initial staff. The District is entitled to 50% of the revenues raised for Ignite to offset its financial obligations. The District does not own any of the fixed assets of Ignite.

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

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

NOTE 19 INVESTMENTS AT FAIR VALUE

Current accounting and reporting standards define fair value, establish a three-level hierarchy for fair value measurements based on transparency of valuation inputs and require disclosures about fair value measurements. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.

Level 2 - Inputs are observable quoted prices for similar assets in active markets.

Level 3 - Inputs are unobservable and reflect our best estimate of what market participants would use as fair value.

Investments consisted of the following at June 30, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------|----------------------|---------|---------|----------------------|
| US Treasury Bonds | \$ <u>39,847,726</u> | \$ | \$ | \$ <u>39,847,726</u> |
| Total investments | \$ <u>39,847,726</u> | \$ - | \$ - | \$ <u>39,847,726</u> |

The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification pursuant to the valuation hierarchy. There were no valuations using Level 2 or 3 inputs.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include brokered certificates of deposit. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 20 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has various subscription-based information technology arrangements (SBITAs) which are used for educational and administrative purposes. These arrangements grant licenses to use the underlying IT assets of the vendors for periods expiring between June 2025 and June 2028. The District recognized an intangible asset and a corresponding liability for the value of the licenses during the term of the arrangements. These assets are amortized on a straight-line basis over the subscription term. The following table shows the District's change in subscription asset and liability accounts for the year ended June 30, 2024:

| <u>Governmental Activities</u> | <u>Balance July 1, 2023</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2024</u> |
|--------------------------------|---------------------------------|---------------------|-------------------|----------------------------------|
| Subscription assets | <u>\$ 1,385,984</u> | <u>\$ 992,789</u> | <u>\$ -</u> | <u>\$ 2,378,773</u> |
| Accumulated amortization | <u>\$ 438,296</u> | <u>\$ 789,653</u> | <u>\$ -</u> | <u>\$ 1,227,949</u> |
| Subscription Liabilities | <u>\$ 648,869</u> | <u>\$ 1,056,619</u> | <u>\$ 625,946</u> | <u>\$ 1,079,542</u> |

NOTE 21 SUBSEQUENT EVENTS

On August 22, 2024, the District issued a 15 year general obligation bond in the amount of \$24,985,000 to fund the construction of a central office building. Interest on the bond will be accrued at 4.00% semiannually and is payable each March and September, beginning March 1, 2025. The principal payments are due on an annual basis until September 1, 2039.

REQUIRED SUPPLEMENTARY INFORMATION

**KENTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
June 30, 2024**

| | <u>Capital Outlay Fund</u> | <u>District Activity Fund</u> | <u>Student Activity Fund</u> | <u>Academy Fund</u> | <u>Building Fund</u> | <u>Debt Service Fund</u> | <u>Total Non-major Governmental Funds</u> |
|-------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|-------------------------|--------------------------|------------------------------|---|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 432,294 | \$ 1,357,247 | \$ 1,097,467 | \$ 577,730 | \$ - | \$ 3,464,738 |
| Accounts and grants receivable | - | 3,962 | 327 | - | - | - | 4,289 |
| Total Assets | <u>\$ -</u> | <u>\$ 436,256</u> | <u>\$ 1,357,574</u> | <u>\$ 1,097,467</u> | <u>\$ 577,730</u> | <u>\$ -</u> | <u>\$ 3,469,027</u> |
| Liabilities | | | | | | | |
| Accounts Payable | <u>\$ -</u> | <u>\$ 11,345</u> | <u>\$ 2,101</u> | <u>\$ 1,097,467</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,110,913</u> |
| Total Liabilities | - | 11,345 | 2,101 | 1,097,467 | - | - | 1,110,913 |
| Fund Balances | | | | | | | |
| Restricted | - | - | 1,355,473 | - | 577,730 | - | 1,933,203 |
| Committed | <u>-</u> | <u>424,911</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>424,911</u> |
| Total Fund Balances | <u>-</u> | <u>424,911</u> | <u>1,355,473</u> | <u>-</u> | <u>577,730</u> | <u>-</u> | <u>2,358,114</u> |
| Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 436,256</u> | <u>\$ 1,357,574</u> | <u>\$ 1,097,467</u> | <u>\$ 577,730</u> | <u>\$ -</u> | <u>\$ 3,469,027</u> |

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Capital Outlay Fund</u> | <u>District Activity Fund</u> | <u>Student Activity Fund</u> | <u>Academy Fund</u> | <u>Building Fund</u> | <u>Debt Service Fund</u> | <u>Total Non-major Governmental Funds</u> |
|---|------------------------------------|---------------------------------------|--------------------------------------|-------------------------|--------------------------|------------------------------|---|
| Revenues | | | | | | | |
| Local sources | | | | | | | |
| Property taxes | | | | | \$ 18,480,945 | | \$ 18,480,945 |
| Other local revenues | | \$ 2,654 | \$ 2,142,374 | | | | 2,145,028 |
| Grants from local agencies and donors | | 31,070 | 127,354 | | | | 158,424 |
| Interest Income | | | 52,992 | | | | 52,992 |
| | | | | | | | - |
| State sources | | | | | | | - |
| SEEK program | \$ 1,294,950 | | | | | | 1,294,950 |
| FSPK program | | | | | 1,254,090 | | 1,254,090 |
| KSFCC allocation | | | | | | \$ 2,663,904 | 2,663,904 |
| Other state revenues | | | | \$ 572,670 | | | 572,670 |
| | | | | | | | - |
| Total Revenues | <u>1,294,950</u> | <u>33,724</u> | <u>2,322,720</u> | <u>572,670</u> | <u>19,735,035</u> | <u>2,663,904</u> | <u>26,623,003</u> |
| Expenditures | | | | | | | |
| Instruction | | 375,568 | 2,090,610 | 2,487,441 | | | 4,953,619 |
| Student support services | | 419 | | | | | 419 |
| Instructional staff support services | | 11,311 | | | | | 11,311 |
| School administrative support services | | | | 382,042 | | | 382,042 |
| Plant operations and maintenance | | 52,061 | | | | | 52,061 |
| Transportation | | 2,110 | | | | | 2,110 |
| Debt Service: | | | | | | | |
| Principal | | | | | | 15,750,000 | 15,750,000 |
| Interest | | | | | | 6,557,495 | 6,557,495 |
| Total Expenditures | <u>-</u> | <u>441,469</u> | <u>2,090,610</u> | <u>2,869,483</u> | <u>-</u> | <u>22,307,495</u> | <u>27,709,057</u> |
| Excess (deficit) of revenues over expenditures | 1,294,950 | (407,745) | 232,110 | (2,296,813) | 19,735,035 | (19,643,591) | (1,086,054) |

Continued

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | Capital Outlay Fund | District Activity Fund | Student Activity Fund | Academy Fund | Building Fund | Debt Service Fund | Total Non-major Governmental Funds |
|--------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|-------------------------|--------------------------|------------------------------|---|
| Other financing sources (uses) | | | | | | | |
| Transfers in | | 211,711 | | 2,296,813 | - | 19,643,591 | 22,152,115 |
| Transfers out | (1,294,950) | - | (212,961) | | (20,029,459) | - | (21,537,370) |
| Total other financing sources (uses) | (1,294,950) | 211,711 | (212,961) | 2,296,813 | (20,029,459) | 19,643,591 | 614,745 |
| Net change in fund balances | - | (196,034) | 19,149 | - | (294,424) | - | (471,309) |
| Fund balances, beginning of year | - | 620,945 | 1,336,324 | - | 872,154 | - | 2,829,423 |
| Fund balances, end of year | \$ - | \$ 424,911 | \$ 1,355,473 | \$ - | \$ 577,730 | \$ - | \$ 2,358,114 |

Continued from Previous Page

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT

Statement of Revenue, Expenditures and Changes in Fund Balance
 Budget to Actual - General Fund
 Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---------------------------------|--------------------|-----------------|---------------|---|
| Revenues | | | | |
| Taxes | \$ 63,786,350 | \$ 68,670,000 | \$ 68,055,445 | \$ (614,555) |
| Earnings on investments | 850,034 | 850,034 | 3,002,618 | 2,152,584 |
| State sources | 42,439,087 | 38,410,911 | 75,117,718 | 36,706,807 |
| Federal sources | 450,000 | 450,000 | 616,063 | 166,063 |
| Other sources | 3,152,159 | 3,309,652 | 3,993,527 | 683,875 |
| Total revenues | 110,677,630 | 111,690,597 | 150,785,371 | 39,094,774 |
| Expenditures | | | | |
| Instructional | 60,282,759 | 60,564,468 | 82,362,675 | (21,798,207) |
| Student support services | 7,695,889 | 7,695,998 | 10,909,613 | (3,213,615) |
| Staff support services | 3,756,542 | 4,167,214 | 4,644,410 | (477,196) |
| District administration | 2,524,374 | 2,477,840 | 2,924,314 | (446,474) |
| School administration | 7,941,048 | 7,945,337 | 10,878,778 | (2,933,441) |
| Business support services | 3,396,582 | 3,423,608 | 3,920,543 | (496,935) |
| Plant operation and maintenance | 15,687,937 | 16,376,009 | 15,561,013 | 814,996 |
| Student transportation | 9,670,643 | 9,347,819 | 8,207,759 | 1,140,060 |
| Community service operations | 2,718 | 2,718 | 50 | 2,668 |
| Other | 24,698,616 | 31,190,298 | 4,983,377 | 26,206,921 |
| Total expenditures | 135,657,108 | 143,191,309 | 144,392,532 | (1,201,223) |
| Net change in fund balance | (24,979,478) | (31,500,712) | 6,392,839 | 37,893,551 |
| Fund balance, July 1, 2023 | 24,979,478 | 31,500,712 | 35,361,261 | 3,860,549 |
| Fund balance, June 30, 2024 | \$ - | \$ - | \$ 41,754,100 | \$ 41,754,100 |

KENTON COUNTY SCHOOL DISTRICT

**Statement of Revenue, Expenditures and Changes in Fund Balance
Budget to Actual - Special Revenue Fund
Year Ended June 30, 2024**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Favorable (Unfavorable) |
|---------------------------------|----------------------------|-------------------------|-------------------|---|
| Revenues | | | | |
| State sources | \$ 4,124,631 | \$ 4,137,797 | \$ 4,751,245 | \$ 613,448 |
| Federal sources | 6,401,674 | 6,587,154 | 13,927,712 | 7,340,558 |
| Other sources | 265,000 | 278,750 | 333,914 | 55,164 |
| Total revenues | <u>10,791,305</u> | <u>11,003,701</u> | <u>19,012,871</u> | <u>8,009,170</u> |
| Expenditures | | | | |
| Instructional | 7,819,385 | 7,895,873 | 13,787,244 | (5,891,371) |
| Student support services | 110,814 | 119,647 | 656,495 | (536,848) |
| Staff support services | 1,110,048 | 1,186,658 | 2,381,345 | (1,194,687) |
| District administration | 71,805 | 71,805 | 43,357 | 28,448 |
| School administration | - | - | - | - |
| Plant operation and maintenance | 72,089 | 87,092 | 219,210 | (132,118) |
| Student transportation | - | - | 437,094 | (437,094) |
| Food service operation | - | - | - | - |
| Community service operations | 1,219,458 | 1,254,920 | 1,282,441 | (27,521) |
| Other | 387,706 | 387,706 | 205,685 | 182,021 |
| Total expenditures | <u>10,791,305</u> | <u>11,003,701</u> | <u>19,012,871</u> | <u>(8,009,170)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance, July 1, 2023 | - | - | - | - |
| Fund balance, June 30, 2024 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

KENTON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
Bond and Interest Redemption Funds**

Year Ended June 30, 2024

| | <u>Issue of 2012-Ref</u> | <u>Issue of 2013</u> | <u>Issue of 2013-B</u> | <u>Issue of 2014E</u> | <u>Issue of 2015A-Ref</u> | <u>Issue of 2015B-Ref</u> | <u>Issue of 2015C</u> | <u>Issue of 2016-Ref</u> | <u>Issue of 2016</u> | |
|--|------------------------------|------------------------------|----------------------------|---------------------------|-------------------------------|-------------------------------|---------------------------|------------------------------|--------------------------|--------------|
| Cash at July 1, 2023 | - | - | - | - | - | - | - | - | - | |
| Receipts: | | | | | | | | | | |
| Transfers and misc deposits | 4,617,625 | 5,211,250 | 759,473 | 289,113 | 525,075 | 2,028,675 | 1,157,105 | 1,682,400 | 1,116,237 | |
| Disbursements: | | | | | | | | | | |
| Bonds paid | 4,505,000 | 4,915,000 | 530,000 | 195,000 | 345,000 | 1,815,000 | 755,000 | 1,010,000 | 650,000 | |
| Interest coupons | 112,625 | 296,250 | 229,473 | 94,113 | 180,075 | 213,675 | 402,105 | 672,400 | 466,237 | |
| Total disbursements | 4,617,625 | 5,211,250 | 759,473 | 289,113 | 525,075 | 2,028,675 | 1,157,105 | 1,682,400 | 1,116,237 | |
| Excess of receipts over disbursements | | | | | | | | | | |
| Cash at June 30, 2024 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| Fund Balance at June 30, 2024 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| | <u>Issue of 2017E</u> | <u>Issue of 2017-Ref</u> | <u>Issue of 2018</u> | <u>Issue of 2020</u> | <u>Issue of 2020-Ref</u> | <u>Issue of 2021</u> | <u>Issue of 2022</u> | <u>Issue of 2022B</u> | <u>Issue of 2023</u> | <u>Total</u> |
| Cash at July 1, 2023 | | - | - | - | - | - | - | - | - | - |
| Receipts: | | | | | | | | | | |
| Transfers and misc deposits | 283,256 | 266,600 | 497,462 | 419,099 | 264,500 | 939,731 | 1,457,562 | 97,215 | 695,117 | 22,307,495 |
| Disbursements: | | | | | | | | | | |
| Bonds paid | 150,000 | 230,000 | 30,000 | 85,000 | 155,000 | 315,000 | 60,000 | 5,000 | - | 15,750,000 |
| Interest coupons | 133,256 | 36,600 | 467,462 | 334,099 | 109,500 | 624,731 | 1,397,562 | 92,215 | 695,117 | 6,557,495 |
| Total disbursements | 283,256 | 266,600 | 497,462 | 419,099 | 264,500 | 939,731 | 1,457,562 | 97,215 | 695,117 | 22,307,495 |
| Excess of receipts over disbursements | | | | | | | | | | - |
| Cash at June 30, 2024 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance at June 30, 2024 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

KENTON COUNTY SCHOOL DISTRICT

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

June 30, 2024

Last 10 Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability | 0% | 0% | 0% | 0% | 0% |
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the District | <u>\$ 335,481,462</u> | <u>\$ 330,621,254</u> | <u>\$ 255,138,437</u> | <u>\$ 254,678,294</u> | <u>\$ 267,672,165</u> |
| Total | <u>\$ 335,481,462</u> | <u>\$ 330,621,254</u> | <u>\$ 255,138,437</u> | <u>\$ 254,678,294</u> | <u>\$ 267,672,165</u> |
| District's covered employee payroll | \$ 70,517,215 | \$ 66,737,323 | \$ 64,781,464 | \$ 62,415,878 | \$ 63,929,795 |
| District's proportionate share of the net pension liability as a percentage of the District's covered payroll | 0% | 0% | 0% | 0% | 0% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.68% | 56.41% | 65.59% | 59.27% | 58.76% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| District's proportion of the net pension liability | 0% | 0% | 0% | 0% | * |
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | * |
| State's proportionate share of the net pension liability associated with the District | <u>\$ 275,146,804</u> | <u>\$ 526,022,122</u> | <u>\$ 574,248,216</u> | <u>\$ 455,140,342</u> | <u>*</u> |
| Total | <u>\$ 275,146,804</u> | <u>\$ 526,022,122</u> | <u>\$ 574,248,216</u> | <u>\$ 455,140,342</u> | <u>*</u> |
| District's covered employee payroll | \$ 64,392,008 | \$ 61,542,779 | \$ 61,049,646 | \$ 57,147,377 | * |
| District's proportionate share of the net pension liability as a percentage of the District's covered payroll | 0% | 0% | 0% | 0% | * |
| Plan fiduciary net position as a percentage of the total pension liability | 58.27% | 39.83% | 35.22% | 42.49% | * |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to TRS Pension

June 30, 2024

Last 10 Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Contractually required contributions | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contributions | <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 payroll | \$ 72,423,574 | \$ 70,517,215 | \$ 66,737,323 | \$ 64,781,464 | \$ 64,392,008 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contributions | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contributions | <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 payroll | \$ 63,929,795 | \$ 62,415,878 | \$ 61,542,779 | \$ 61,049,646 | \$ 57,147,377 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

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

June 30, 2024

Last 10 Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| District's proportion of the net pension liability | 0.678902% | 0.688548% | 0.716027% | 0.745789% | 0.756928% |
| District's proportionate share of the net pension liability | \$ 43,561,804 | \$ 49,775,228 | \$ 45,652,338 | \$ 57,201,399 | \$ 53,235,083 |
| Total net pension liability | \$ 6,416,509,000 | \$ 7,229,013,496 | \$ 6,375,784,388 | \$ 7,669,917,211 | \$ 7,033,044,552 |
| District's covered employee payroll | \$ 20,024,283 | \$ 19,185,505 | \$ 18,537,283 | \$ 19,236,792 | \$ 19,064,764 |
| District's proportionate share of the net pension liability as a percentage of employee covered payroll | 217.55% | 259.44% | 246.27% | 297.35% | 279.23% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.48% | 52.42% | 57.33% | 47.81% | 50.45% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| District's proportion of the net pension liability | 0.747597% | 0.730802% | 0.717592% | 0.713744% | * |
| District's proportionate share of the net pension liability | \$ 45,530,936 | \$ 42,776,088 | \$ 35,331,499 | \$ 30,687,590 | * |
| Total net pension liability | \$ 6,090,304,793 | \$ 5,853,307,482 | \$ 4,923,618,237 | \$ 4,299,525,565 | * |
| District's covered employee payroll | \$ 18,445,837 | \$ 17,847,065 | \$ 16,968,535 | \$ 16,656,667 | * |
| District's proportionate share of the net pension liability as a percentage of employee covered payroll | 246.84% | 239.68% | 208.22% | 184.24% | * |
| Plan fiduciary net position as a percentage of the total pension liability | 53.54% | 53.30% | 55.50% | 59.97% | * |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of District Contributions to CERS Pension

June 30, 2024

Last 10 Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contributions | \$ 4,765,617 | \$ 4,699,868 | \$ 4,069,465 | \$ 3,564,709 | \$ 3,712,733 |
| Contributions in relation to the contractually required contributions | <u>(4,765,617)</u> | <u>(4,699,868)</u> | <u>(4,069,465)</u> | <u>(3,564,709)</u> | <u>(3,712,733)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$20,419,862 | \$20,024,283 | \$19,185,505 | \$18,537,283 | \$19,236,792 |
| Contributions as a percentage of covered-employee payroll | 23.34% | 23.47% | 21.21% | 19.23% | 19.30% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contributions | \$ 3,113,580 | \$ 3,425,254 | \$ 3,365,129 | \$ 2,943,161 | \$ 2,944,080 |
| Contributions in relation to the contractually required contributions | <u>(3,113,580)</u> | <u>(3,425,254)</u> | <u>(3,365,129)</u> | <u>(2,943,161)</u> | <u>(2,944,080)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$19,064,764 | \$18,445,837 | \$17,847,065 | \$16,968,535 | \$16,656,667 |
| Contributions as a percentage of covered-employee payroll | 16.33% | 18.57% | 18.86% | 17.34% | 17.68% |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS Pension

Year Ended June 30, 2024

Pension:

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

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

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

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

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

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

Changes of assumption: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more close. The expectation of mortality was changed to the Pub2010 Mortality Tables projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and 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% to 2.50%. In addition, the calculation of the SEIR results in an assumption.

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - CERS Pension

Year Ended June 30, 2024

Pension

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below: 2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

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

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%. 2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%. 2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

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

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

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

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

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

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

KENTON COUNTY SCHOOL DISTRICT

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

June 30, 2024

Last 10 Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the collective trust OPEB liability | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| District's proportionate share of the collective net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportion of the collective net OPEB liability (asset) associated with the District | 525,000 | 569,000 | 241,000 | 633,000 | 571,000 |
| District's covered employee payroll | \$ 70,517,215 | \$ 66,737,323 | \$ 64,781,464 | \$ 64,392,008 | \$ 63,929,795 |
| State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll | 0.74% | 0.85% | 0.37% | 0.98% | 0.89% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 76.91% | 73.97% | 89.15% | 71.57% | 73.40% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| District's proportion of the collective trust OPEB liability | 0.0000% | 0.0000% | * | * | * |
| District's proportionate share of the collective net OPEB liability | \$ - | \$ - | * | * | * |
| State's proportion of the collective net OPEB liability (asset) associated with the District | 513,000 | 274,000 | * | * | * |
| District's covered employee payroll | \$ 62,415,878 | \$ 61,542,779 | * | * | * |
| State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll | 0.82% | 0.45% | * | * | * |
| Plan fiduciary net position as a percentage of the total OPEB liability | 74.97% | 79.99% | * | * | * |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to TRS OPEB - Life Insurance

June 30, 2024

Last 10 Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contributions | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution Deficiency (Excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| District's covered employee payroll | \$ 72,423,574 | \$ 70,517,215 | \$ 66,737,323 | \$ 64,781,464 | \$ 64,392,008 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contributions | \$ - | \$ - | * | * | * |
| Contributions in relation to the contractually required contributions | <u>-</u> | <u>-</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| Contribution Deficiency (Excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>*</u></u> | <u><u>*</u></u> | <u><u>*</u></u> |
| District's covered employee payroll | \$ 63,929,795 | \$ 62,415,878 | * | * | * |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | * | * | * |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS OPEB Life Insurance

Year Ended June 30, 2024

OPEB:

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

| | |
|--|--------------------------|
| Valuation date | June 30, 2019 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll |
| Amortization period | 25 years |
| Asset valuation method | Five-year smoothed value |
| Inflation | 3.00% |
| Real wage growth | 0.50% |
| Wage inflation | 3.50% |
| Salary increases, including wage inflation | 3.50% - 7.20% |
| Discount rate | 7.50% |

KENTON COUNTY SCHOOL DISTRICT

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

June 30, 2024

Last 10 Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the collective trust OPEB liability | 1.032670% | 1.402697% | 1.040249% | 1.035769% | 1.040797% |
| District's proportionate share of the collective net OPEB liability | \$ 25,152,000 | \$ 34,822,000 | \$ 22,321,000 | \$ 26,140,000 | \$ 30,462,000 |
| State's proportion of the collective net OPEB liability (asset) associated with the District | 21,200,000 | 11,440,000 | 18,127,000 | 20,939,000 | 24,600,000 |
| District's covered employee payroll | \$ 70,517,215 | \$ 66,737,323 | \$ 64,781,464 | \$ 64,392,008 | \$ 63,929,795 |
| State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll | 35.70% | 52.20% | 34.50% | 40.60% | 47.60% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 52.97% | 47.75% | 51.74% | 39.05% | 32.58% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| District's proportion of the collective trust OPEB liability | 1.000033% | 1.025238% | * | * | * |
| District's proportionate share of the collective net OPEB liability | \$ 34,698,000 | \$ 36,558,000 | * | * | * |
| State's proportion of the collective net OPEB liability (asset) associated with the District | 29,903,000 | 29,863,000 | * | * | * |
| District's covered employee payroll | \$ 62,415,878 | \$ 61,542,779 | * | * | * |
| State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll | 55.60% | 59.40% | * | * | * |
| Plan fiduciary net position as a percentage of the total OPEB liability | 25.54% | 21.18% | * | * | * |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to TRS OPEB - Medical Insurance

June 30, 2024

Last 10 Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contributions | \$ 2,171,517 | \$ 2,112,631 | \$ 2,003,936 | \$ 1,829,240 | \$ 1,930,293 |
| Contributions in relation to the contractually required contributions | <u>(2,171,517)</u> | <u>(2,112,631)</u> | <u>(2,003,936)</u> | <u>(1,829,240)</u> | <u>(1,930,293)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 72,423,574 | \$ 70,517,215 | \$ 66,737,323 | \$ 64,781,464 | \$ 64,392,008 |
| Contributions as a percentage of covered-employee payroll | 3.00% | 3.00% | 3.00% | 2.82% | 3.00% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contributions | \$ 1,916,935 | \$ 1,823,422 | * | * | * |
| Contributions in relation to the contractually required contributions | <u>(1,916,935)</u> | <u>(1,823,422)</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 | \$ 63,929,795 | \$ 62,415,878 | * | * | * |
| Contributions as a percentage of covered-employee payroll | 3.00% | 2.92% | * | * | * |

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

KENTON COUNTY SCHOOL DISTRICT

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

June 30, 2024

Last 10 Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the collective trust OPEB liability | 0.678877% | 0.688422% | 0.715859% | 0.745573% | 0.756739% |
| District's proportionate share of the collective net OPEB liability (asset) | \$ (937,302) | \$ 13,586,102 | \$ 13,704,762 | \$ 18,003,321 | \$ 12,728,009 |
| State's proportion of the collective net OPEB liability (asset) associated with the District | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total net OPEB liability (asset) | \$ (937,302) | \$ 13,586,102 | \$ 13,704,762 | \$ 18,003,321 | \$ 12,728,009 |
| District's covered employee payroll | \$ 20,024,283 | \$ 19,185,505 | \$ 18,537,283 | \$ 19,236,792 | \$ 19,064,764 |
| State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll | (4.68)% | 70.80% | 73.90% | 93.60% | 66.80% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 104.23% | 60.95% | 62.91% | 51.67% | 60.44% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| District's proportion of the collective trust OPEB liability | 0.747575% | 0.730802% | * | * | * |
| District's proportionate share of the collective net OPEB liability | \$ 13,273,046 | \$ 14,691,620 | * | * | * |
| State's proportion of the collective net OPEB liability (asset) associated with the District | \$ - | \$ - | * | * | * |
| Total net OPEB liability | \$ 13,273,046 | \$ 14,691,620 | * | * | * |
| District's covered employee payroll | \$ 18,445,837 | \$ 17,847,065 | * | * | * |
| State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll | 72.00% | 82.30% | * | * | * |
| Plan fiduciary net position as a percentage of the total OPEB liability | 57.62% | 52.40% | * | * | * |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to CERS OPEB - Medical Insurance

June 30, 2024

Last 10 Fiscal Years

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|--------------|--------------|
| Contractually required contributions | \$ - | \$ 681,042 | \$ 1,114,210 | \$ 879,727 | \$ 915,671 |
| Contributions in relation to the contractually required contributions | - | (681,042) | (1,114,210) | (879,727) | (915,671) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$20,419,862 | \$20,024,283 | \$19,185,505 | \$18,537,283 | \$19,236,792 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 3.40% | 5.81% | 4.75% | 4.76% |
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contributions | \$ 1,002,807 | \$ 871,263 | * | * | * |
| Contributions in relation to the contractually required contributions | (1,002,807) | (871,263) | * | * | * |
| Contribution Deficiency (Excess) | \$ - | \$ - | * | * | * |
| District's covered-employee payroll | \$19,064,764 | \$18,445,837 | * | * | * |
| Contributions as a percentage of covered-employee payroll | 5.26% | 4.72% | * | * | * |

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

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS OPEB Medical Insurance

Year Ended June 30, 2024

Changes in benefit terms - None

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

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - CERS OPEB Medical Insurance

Year Ended June 30, 2024

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

OTHER SUPPLEMENTARY INFORMATION

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Dixie Heights High School
Year Ended June 30, 2024

| | Fund Balance July 1, 2023 | Receipts | Disbursements | Transfers, Net | Fund Balance June 30, 2024 |
|-------------------------------|------------------------------|-------------------|-------------------|----------------|-------------------------------|
| Academic Team | \$ - | \$ 35 | \$ 35 | \$ - | \$ - |
| Archery Fund Raising | - | - | 315 | 315 | - |
| Art Club | 292 | 700 | 256 | - | 736 |
| Athletics, General | 37,857 | 209,814 | 209,498 | (5,265) | 32,908 |
| Band | 11,133 | 30,914 | 28,840 | - | 13,207 |
| BETA Club | 756 | - | 421 | - | 335 |
| Bowling Fund Raising | 22 | - | 13 | - | 9 |
| Boys Gofffund Raising | 2 | - | - | - | 2 |
| Boys Soccer Fund Raising | 2,749 | - | 1,207 | (600) | 942 |
| CBI Community Based Edu | 1,531 | 1,634 | 1,184 | - | 1,981 |
| Cheerleading Fundraising | 5,090 | 57,918 | 76,705 | 15,297 | 1,600 |
| Choir Club | 2,722 | 3,478 | 585 | - | 5,615 |
| Dixie Scholars Club | 383 | 782 | 710 | - | 455 |
| Drama Club | 3,445 | 14,168 | 11,860 | - | 5,753 |
| Drug Free Club | 493 | 35 | 12 | - | 516 |
| Earth Wise | 104 | 360 | - | - | 464 |
| Faculty | 139 | 155 | 283 | - | 11 |
| Faculty Flower Fund | 29 | 376 | 330 | - | 75 |
| FBLA Club | - | 1,903 | 1,882 | - | 21 |
| FEA Club | 6 | - | - | - | 6 |
| Fees | 1 | 15,284 | 15,284 | (1) | - |
| FFA | 917 | 1,050 | 640 | - | 1,327 |
| Football fund Raising | 10,293 | 22,162 | 27,332 | (2,500) | 2,623 |
| Foreign Language NHS | 4,985 | 380 | 278 | - | 5,087 |
| Forensic Team | - | 2,345 | 2,337 | - | 8 |
| Fund 21 Sweep Account | - | - | - | - | - |
| Gaming Club | - | - | - | - | - |
| Girls BK Fund Raising | 11,302 | 11,751 | 3,354 | (1,400) | 18,299 |
| Girls Soccer Fund Raising | 10,723 | 6,840 | 7,260 | (600) | 9,703 |
| Girls Track Fundraising | 2,592 | - | - | (1,500) | 1,092 |
| Ham Radio Tech Club | 530 | - | 207 | - | 323 |
| Hope Squad | - | - | - | - | - |
| IMPACT Club | - | - | - | - | - |
| Jr Class Dance/Activities | 2,012 | 36,170 | 38,857 | 675 | - |
| Mock Trial Team | 65 | - | - | - | 65 |
| NHS Club | 1,096 | 700 | 1,342 | - | 454 |
| Odyssey of the Mind Team | - | 180 | - | - | 180 |
| Other Dist/Stu Act Income | - | 2,674 | 2,674 | - | - |
| Random Acts of Kindness | 54 | 2,051 | 2,138 | 240 | 207 |
| Robotics | 272 | 1,400 | 1,395 | - | 277 |
| S.T.L.P. Club | 447 | - | - | - | 447 |
| SAGA | 21 | - | - | - | 21 |
| Sandfoss Memorial Scholarship | - | 2,000 | 2,000 | - | - |
| Scott Scholarship | - | 8,981 | 8,981 | - | - |
| Social Norms Club | 78 | - | - | - | 78 |
| Softball Fundraising | 604 | 120 | 48 | - | 676 |
| Sr Class Dance/Activities | - | 18,298 | 18,487 | 226 | 37 |
| Startup Cash | - | 750 | 750 | - | - |
| Student Ambassadors | - | 561 | 88 | - | 473 |
| Student Council | 11,704 | 19,113 | 19,025 | (240) | 11,552 |
| Student Enrichment | 18,764 | 8,958 | 8,933 | (741) | 18,048 |
| Swim and Dive Fund Raising | - | 2,984 | 2,984 | - | - |
| Technology Fee | 150 | - | - | - | 150 |
| TSA | - | 330 | 300 | - | 30 |
| Volleyball Fund Raising | 170 | 8,572 | - | (3,746) | 4,996 |
| Yearbook Club | 3,654 | 4,096 | 1,843 | - | 5,907 |
| Youth Service Center | 1,241 | 755 | 515 | (160) | 1,321 |
| Total | <u>\$ 148,428</u> | <u>\$ 500,777</u> | <u>\$ 501,188</u> | <u>\$ -</u> | <u>\$ 148,017</u> |

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Scott High School
Year Ended June 30, 2024

| | Fund Balance July 1, 2023 | Receipts | Disbursements | Transfers, Net | Fund Balance June 30, 2024 |
|-----------------------------------|------------------------------|-------------------|-------------------|----------------|-------------------------------|
| Academic Team | \$ 1,073 | \$ 1,000 | \$ 1,000 | \$ - | \$ 1,073 |
| Adventure Crew Club | 534 | - | - | - | 534 |
| Archery | 2,214 | 6,587 | 6,297 | - | 2,504 |
| Athletics | 14,651 | 176,566 | 136,772 | (38,240) | 16,205 |
| Background check (Sweep) | - | 498 | - | (20) | 478 |
| Band (Marching Band) | 4,796 | 4,263 | 1,798 | - | 7,261 |
| Bowling | 533 | 592 | 806 | - | 319 |
| Boys Golf | 829 | - | - | - | 829 |
| Boys Tennis | 111 | - | - | - | 111 |
| Boys Track | 3,328 | 730 | 3,788 | - | 270 |
| Buddy Club | 330 | - | 150 | - | 180 |
| CBI Trips and Activities | - | 303 | 450 | - | (147) |
| Choir | 683 | - | - | - | 683 |
| CLASS OF 2024 | 5,401 | 15 | 11,442 | 8,710 | 2,684 |
| CLASS OF 2025 | 2,000 | 165 | 7,989 | 14,138 | 8,314 |
| CLASS OF 2026 | 1,000 | 74 | 87 | 2,000 | 2,987 |
| CLASS OF 2027 | - | - | - | 1,000 | 1,000 |
| Community Club | 73 | - | - | - | 73 |
| Cross Country | 1,533 | 450 | 360 | - | 1,623 |
| Dance Team | 533 | - | - | - | 533 |
| Drama | 10,471 | 6,231 | 7,357 | (176) | 9,169 |
| Family Assistance | 2,672 | 2,770 | 350 | - | 5,092 |
| Fellowship Christian Athletes | 14 | - | - | - | 14 |
| Field Trips | 1,279 | - | - | - | 1,279 |
| FFA Chapter | - | 2,940 | 1,740 | - | 1,200 |
| Floral & Greenhouse | - | 496 | 157 | - | 339 |
| Fund 21/Athletic Admissions | 23 | - | 3,000 | 3,000 | 23 |
| Fund 21/Athletic Donations | - | 10,000 | 10,000 | - | - |
| Fund 21/Athletic Other Activities | - | - | 11,169 | 13,169 | 2,000 |
| Fund 21/Library | - | - | 653 | 653 | - |
| Fund 21/Other Student Activities | - | - | 2,001 | 2,001 | - |
| Fund 21/Student Fees | - | 2,189 | 2,414 | 225 | - |
| Girls Basketball | 5,184 | 10,910 | 12,587 | (1,000) | 2,507 |
| Girls Golf | 17 | - | - | - | 17 |
| Girls Soccer | 5,037 | 893 | 1,636 | (550) | 3,744 |
| Girls Tennis | 579 | 1,725 | 1,674 | - | 630 |
| Girls Track | 5,983 | 730 | 4,698 | - | 2,015 |
| JROTC | 5,572 | 5,450 | 4,454 | - | 6,568 |
| Junior Statesman | 266 | 11,202 | 9,841 | - | 1,627 |
| National Honor Society | 810 | 90 | 104 | - | 796 |
| SHS Scholarship Fund | 31,178 | 8,981 | 6,000 | - | 34,159 |
| Student Council | 8,653 | 80 | 1,919 | 2,674 | 9,488 |
| Student Fees (to Fund 21) | - | - | - | - | - |
| Student Support | 11,384 | 8,859 | 12,226 | 1,463 | 9,480 |
| Summer School | 1,425 | - | - | - | 1,425 |
| Swimming & Diving | 4,863 | 16,134 | 14,536 | - | 6,461 |
| Swimming Pool | - | 12,986 | - | (8,169) | 4,817 |
| Teacher Support | 1,724 | 459 | 1,625 | - | 558 |
| Tech Fees | 410 | 3,429 | 2,961 | (878) | - |
| Volleyball | 1,151 | - | - | - | 1,151 |
| Yearbook Club | 669 | - | - | - | 669 |
| Total | \$ 138,986 | \$ 297,797 | \$ 284,041 | \$ - | \$ 152,742 |

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Simon Kenton High School
Year Ended June 30, 2024

| | Fund Balance | | | | Fund Balance |
|---------------------------------------|-------------------|-------------------|-------------------|----------------|-------------------|
| | July 1, 2023 | Receipts | Disbursements | Transfers, Net | June 30, 2024 |
| Academic Team | \$ 1,222 | \$ 479 | \$ 957 | \$ (272) | \$ 472 |
| Archery Team | 3,229 | 5 | 1,368 | - | 1,866 |
| Art Club | 245 | 374 | 396 | - | 223 |
| Athletics | 68,629 | 169,212 | 224,575 | 8,272 | 21,538 |
| Background Check | - | 60 | 70 | 10 | - |
| Baseball | 9,709 | 41,503 | 44,936 | (2,020) | 4,256 |
| Basketball - Boys | 20,709 | 47,310 | 49,087 | (4,973) | 13,959 |
| Basketball - Girls | 1,018 | 15,809 | 16,797 | (25) | 5 |
| Bass Fishing Team | 1,391 | 4,605 | 5,492 | (480) | 24 |
| Bi-County FFA Scholarship | 47,669 | - | 250 | - | 47,419 |
| Bowling Team | 5,154 | 3,319 | 2,255 | (86) | 6,132 |
| Bridge Club | 253 | 150 | 166 | (25) | 212 |
| Change | - | - | - | - | - |
| Cheerleading | 7,765 | 68,903 | 66,532 | (372) | 9,764 |
| Choir Club | 182 | 4,827 | 3,515 | (462) | 1,032 |
| Chris Girard Memorial Scholarship | 10,861 | - | - | - | 10,861 |
| Community Based Class | 1,770 | 844 | 1,742 | - | 872 |
| Community Based Transportation | 8,897 | - | 2,872 | - | 6,025 |
| Cross County/Track | 3,116 | 2,028 | 1,670 | (1,342) | 2,132 |
| Dance Team | 4,080 | 16,721 | 10,531 | (1,670) | 8,600 |
| District Tech Fee/Sweep | - | 108 | 108 | - | - |
| Drama Club | 13,125 | 12,297 | 12,684 | (4,896) | 7,842 |
| Faculty Fund | 566 | 168 | 669 | - | 65 |
| FBLA | 230 | 3,748 | 2,801 | (206) | 971 |
| Field Trips | 1,684 | 3,044 | 4,159 | - | 569 |
| Fine Arts Support Fund | 35 | - | - | (35) | - |
| Fire Fund | 27,000 | - | - | - | 27,000 |
| First Priority | 5 | - | - | - | 5 |
| Football | 5,904 | 37,915 | 37,131 | (4,554) | 2,134 |
| French Club | 80 | - | - | (25) | 55 |
| Freshman Academy | 4,295 | 840 | 1,910 | (100) | 3,125 |
| Freshman Class of 2026 | 64 | 767 | 205 | - | 626 |
| Freshman Class of 2027 | - | 149 | 26 | - | 123 |
| Fund 21 - Bookstore Sales | - | - | - | - | - |
| Fund 21 - Fees | - | 5,236 | 5,236 | - | - |
| Fund 21 - Other Ath Activity | - | 2,117 | 8,043 | 5,926 | - |
| Fund 21 - Other Dist Student Activity | - | 9,883 | 19,461 | 9,578 | - |
| Future Farmers of America | 3,126 | 12,446 | 10,854 | (433) | 4,285 |
| Golf - Boys | 120 | - | - | (25) | 95 |
| Golf - Girls | 570 | 612 | 670 | - | 512 |
| Greenhouse | 11,799 | 8,938 | - | (1,336) | 19,401 |
| Hall of Fame | 15,644 | - | - | - | 15,644 |
| Homecoming | 24,180 | 25,445 | 9,267 | (1,371) | 38,987 |
| Junior Class of 2024 | - | 43,161 | 49,079 | 5,918 | - |
| Library Media Center | 127 | - | - | - | 127 |
| Nat'l Art Honor Society | 15 | 120 | 80 | - | 55 |
| NHS | 491 | 980 | 1,077 | (25) | 369 |
| Photo Club | 63 | 250 | 268 | - | 45 |
| Pioneer Pride | 516 | 3,184 | 1,286 | (1,002) | 1,412 |
| Pride Shop | 7,865 | 4,654 | 6,396 | 3,153 | 9,276 |
| Rising Sun | 500 | - | - | (500) | - |
| Robert Roden Scholarship | 371 | - | - | (371) | - |
| Scholarship | 22,963 | 20,519 | 16,519 | 371 | 27,334 |
| Scott Scholarship | 48,037 | 8,981 | 18,000 | - | 39,018 |
| Soccer - Boys | 309 | - | - | 309 | 618 |
| Soccer - Girls | 514 | - | - | - | 514 |
| Softball | 1,799 | 5,634 | 4,912 | - | 2,521 |
| Soph Class of 2025 | 356 | - | - | - | 356 |
| Strides for Stephanie | 2,221 | - | - | - | 2,221 |
| Student Incentives | 20,275 | 19,206 | 7,468 | (5,278) | 26,735 |
| Summer School | 503 | - | - | - | 503 |
| Swimming | 484 | 7,575 | 8,143 | 1,475 | 1,391 |
| Tennis - Boys & Girls | 3,257 | 12,151 | 10,628 | 275 | 5,055 |
| Testing Fund | 28,418 | 3,945 | - | - | 32,363 |
| Track | 2,514 | 1,781 | 838 | (25) | 3,432 |
| Unified Bowling | 163 | 1,500 | 636 | (879) | 148 |
| Unified Track | 820 | - | - | (190) | 630 |
| Veteran's Day | 208 | - | 127 | - | 81 |
| Volleyball | 630 | 3,500 | 1,796 | (25) | 2,309 |
| Wrestling | 2,000 | - | - | (2,000) | - |
| Yearbook | 2,441 | - | 169 | (157) | 2,115 |
| Youth Service Center | 1,079 | 1,438 | 1,982 | (127) | 408 |
| Total | \$ 453,265 | \$ 638,441 | \$ 675,839 | \$ - | \$ 415,867 |

Kenton County School District
Combined Statement of Revenues, Expenses and Changes in Due To Student Groups - Activity Funds
Year Ended June 30, 2024

| | Turkey Foot Middle School | Twenhofel Middle School | Woodland Middle School | Summit View Academy | Beechgrove Elementary | J.A. Caywood Elementary | Fort Wright Elementary | |
|--------------------------------------|------------------------------|----------------------------|---------------------------|------------------------|--------------------------|----------------------------|---------------------------|--|
| Revenues from student activities | \$ 86,466 | \$ 168,680 | \$ 82,977 | \$ 144,425 | \$ 63,930 | \$ 33,719 | \$ 22,762 | |
| Non-instructional expenses | 90,738 | 157,870 | 59,364 | 142,013 | 68,722 | 30,810 | 20,699 | |
| Excess (deficit) of revenue | (4,272) | 10,810 | 23,613 | 2,412 | (4,792) | 2,909 | 2,063 | |
| Due to student groups, June 30, 2023 | 58,330 | 194,820 | 45,703 | 81,833 | 32,019 | 10,939 | 19,144 | |
| Due to student groups, June 30, 2024 | \$ 54,058 | \$ 205,630 | \$ 69,316 | \$ 84,245 | \$ 27,227 | \$ 13,848 | \$ 21,207 | |

| | Kenton Elementary | Piner Elementary | R.C. Hinsdale Elementary | River Ridge Elementary | Ryland Heights Elementary | Taylor Mill Elementary | White's Tower Elementary | Totals |
|--------------------------------------|----------------------|---------------------|-----------------------------|---------------------------|---------------------------------|---------------------------|-----------------------------|------------|
| Revenues from student activities | \$ 55,194 | \$ 20,477 | \$ 63,400 | \$ 56,319 | \$ 23,989 | \$ 33,408 | \$ 29,963 | \$ 885,709 |
| Non-instructional expenses | 47,076 | 24,773 | 60,758 | 54,751 | 21,381 | 33,417 | 30,135 | 842,507 |
| Excess (deficit) of revenue | 8,118 | (4,296) | 2,642 | 1,568 | 2,608 | (9) | (172) | 43,202 |
| Due to student groups, June 30, 2023 | 25,961 | 35,089 | 8,563 | 21,675 | 17,983 | 19,175 | 24,411 | 595,645 |
| Due to student groups, June 30, 2024 | \$ 34,079 | \$ 30,793 | \$ 11,205 | \$ 23,243 | \$ 20,591 | \$ 19,166 | \$ 24,239 | \$ 638,847 |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

KENTON COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Agreement Number</u> | <u>Federal Expenditures</u> |
|--|--|-------------------------|-----------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Passed through State Department of Education | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | 7760005 | \$ 1,316,290 |
| National School Lunch Program | 10.555 | 7750002 | 4,092,481 |
| National School Lunch Program | 10.555 | 9980000 | 445,211 |
| National School Lunch Program - Food Commodities | 10.555 | 4002553 | 584,058 |
| Summer Food Service Program | 10.559 | 7690024 | 12,256 |
| Summer Food Service Program | 10.559 | 7740023 | <u>9,106</u> |
| Total Child Nutrition Cluster | | | 6,459,402 |
| State Administrative Expenses for Child Nutrition | 10.560 | 7700001 | 12,003 |
| Child and Adult Care Food Program | 10.558 | 7720012 | <u>20,843</u> |
| Total U.S. Department of Agriculture | | | <u>\$ 6,492,248</u> |

U.S. DEPARTMENT OF EDUCATION

Passed through Kentucky Department of Education

Title I Cluster

| | | | |
|--|---------|--------------|---------------|
| Title I Grants to Local Educational Agencies | 84.010A | 3100002 - 22 | \$ 33,396 |
| Title I Grants to Local Educational Agencies | 84.010A | 3100002 - 23 | 766,165 |
| Title I Grants to Local Educational Agencies | 84.010A | 3100002 - 24 | 1,450,376 |
| AIM (Arts in Mind) | 84.351A | 315K | <u>37,457</u> |

Program Total

2,287,394

| | | | |
|---|--------|--------------|----------------|
| Career and Technical Education - Basic Grants to States (Perkins) | 84.048 | 4621132 - 23 | 9,494 |
| Career and Technical Education - Basic Grants to States (Perkins) | 84.048 | 4621132 - 24 | <u>129,417</u> |

Program Total

138,911

| | | | |
|---|--------|------|---------------|
| Title I-D Neglected and Delinquent Children | 84.013 | 313J | 10,665 |
| Title I-D Neglected and Delinquent Children | 84.013 | 313K | <u>42,175</u> |

Program Total

52,840

Continued

KENTON COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2024

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Agreement Number</u> | <u>Federal Expenditures</u> |
|--|--|-------------------------|-----------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION--Continued</u> | | | |
| Special Education Cluster (IDEA) | | | |
| Special Education Preschool Grants (IDEA Preschool) | 84.173A | 3800002 - 22 | 597 |
| Special Education Preschool Grants (IDEA Preschool) | 84.173A | 3800002 - 23 | 110,535 |
| Special Education - Grants to States (IDEA, Part B) | 84.027A | 3810002 - 22 | 74 |
| Special Education - Grants to States (IDEA, Part B) | 84.027A | 3810002 - 23 | 842,299 |
| Special Education - Grants to States (IDEA, Part B) | 84.027A | 3810002 - 24 | <u>1,838,087</u> |
| Program Total | | | 2,791,592 |
| Title II Cluster | | | |
| Improving Teacher Quality State Grants | 84.367A | 3230002 - 22 | 51,377 |
| Improving Teacher Quality State Grants | 84.367A | 3230002 - 23 | 141,930 |
| Improving Teacher Quality State Grants | 84.367A | 3230002 - 24 | <u>299,572</u> |
| Program Total | | | 492,879 |
| Title III Cluster | | | |
| English Language Acquisition State Grants | 84.365A | 3300002 - 23 | 1,191 |
| English Language Acquisition State Grants | 84.365A | 3300002 - 24 | <u>60,195</u> |
| Program Total | | | 61,386 |
| Title IV Cluster | | | |
| Student Support & Academic Enrichment Grant (Part A) | 84.424A | 3420002 - 22 | 28,483 |
| Student Support & Academic Enrichment Grant (Part A) | 84.424A | 3420002 - 23 | 34,703 |
| Student Support & Academic Enrichment Grant (Part A) | 84.424A | 3420002 - 24 | <u>17,427</u> |
| Program Total | | | 80,613 |
| Office of Safe and Supportive Schools | | | |
| School Based Mental Health Grant Program | 84.184H | 534KW | <u>3,460</u> |
| Total U.S. Department of Education | | | <u><u>\$ 5,909,075</u></u> |

Continued

KENTON COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Agreement Number</u> | <u>Federal Expenditures</u> |
|---|--|-------------------------|-----------------------------|
| <u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u> | | | |
| Passed through Kentucky Department of Education | | | |
| CECC Preschool Development Grant School Readiness | 93.434 | 644F | \$ 986 |
| Project AWARE - Northern KY Trauma Informed Schools | 93.243 | 551KI | <u>62,817</u> |
| Total U.S. Department of Health & Human Services | | | <u><u>\$ 63,803</u></u> |
| <u>U.S. DEPARTMENT OF TREASURY</u> | | | |
| Passed through Kentucky Department of Education | | | |
| Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) | | | |
| ESSER II Funds | 84.425D | 554G | \$ 841,774 |
| GEER II - Career to Cradle - FRYSC | 84.425C | 564GF | 12,731 |
| Educational Cooperative ESSER II Funds New Teacher Induction | 84.425D | 578J | <u>7,123</u> |
| Program Total | | | 861,628 |
| American Rescue Plan Act of 2021 (ARPA) | | | |
| ESSER III Funds Digital Learning Coach Supports | 84.425U | 473GW | 18,697 |
| ESSER III Funds | 84.425U | 473G | 516,417 |
| ESSER III Funds 20% Learning Loss | 84.425U | 473GL | 5,596,010 |
| ARP ESSER Homeless Children and Youth II | 84.425W | 476IC | 138,448 |
| ARP ESSER Homeless Children and Youth II | 84.425W | 476KM | 35,000 |
| IDEA-B LEA-ARP | 84.027X | 478I | 582,443 |
| IDEA-B PRESCHOOL LEA-ARP | 84.173X | 488I | 121,173 |
| Educational Cooperative ARP ESSER Deeper Learning | 84.425U | 563J | <u>85,018</u> |
| Program Total | | | <u>7,093,206</u> |
| Total U.S. Department of Treasury | | | <u><u>\$ 7,954,834</u></u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 20,419,960</u></u> |

See Notes to Schedule of Expenditures
of Federal Awards and Independent Auditors' Report

Kenton County School District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Kenton County School District and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

Note 2 SUMMARY OF ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement

Note 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. During the fiscal year ended June 30, 2024 the District received \$584,058 in donated food commodities.

Note 4 INDIRECT COST RATE

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

Note 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2024.

REPORTS REQUIRED BY THE SINGLE AUDIT ACT

**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***



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LOUISVILLE, KY 40202
(502) 585-1600

**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***

Members of the Board
Kenton County School District
Fort Wright, 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 *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenton County School District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

In addition, the results of our tests disclosed no material instances of noncompliance with specific statutes or regulations identified in the *Kentucky Public School District's Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

Purpose of this Report

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

L B M C, P C

Louisville, Kentucky
November 14, 2024

**Independent Auditors' Report on Compliance For
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**



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**Independent Auditors' Report on Compliance For
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

Members of the Board
Kenton County School District
Fort Wright, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kenton County School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2024. The District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

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

Management's Responsibility 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.

Auditors' 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 GAAS, *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 GAAS, *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 Auditors' 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Kenson County School District as of and for the year ended June 30, 2024, and have issued our report thereon dated November 14, 2024, which contained an unmodified opinion on these financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

LBMC, PC

Louisville, Kentucky
November 14, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs

Kenton County School District

Year Ended June 30, 2024

Section I – Summary of Audit Results

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Kenton County School District (the "District").
2. No significant deficiencies relating to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award program are reported.
5. The auditors' report on compliance for the major federal program of the District expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs are as follows:

Federal Grantor/Pass-through Grantor/Program or Cluster Title

U.S. DEPARTMENT OF AGRICULTURE

Child Nutrition Center

| | |
|--|--------|
| School Breakfast Program | 10.553 |
| National School Lunch Program | 10.555 |
| National School Lunch Program - Food Commodities | 10.555 |
| Summer Food Service Program | 10.559 |

8. The threshold used for distinguishing Type A programs was \$750,000.
9. The District qualified to be audited as a low-risk auditee.

Schedule of Findings and Questioned Costs--Continued

Kenton County School District

Year Ended June 30, 2024

Section II - Findings – Financial Statement Audit

There are no findings to be reported.

Section III - Findings and Questioned Costs – Major Federal Programs Audit

There are no findings to be reported.

SCHEDULE OF PRIOR AUDIT FINDINGS

Schedule of Prior Audit Findings

Kenton County School District

Year Ended June 30, 2024

Section II - Findings – Financial Statement Audit

There are no findings to be reported.

Section III - Findings and Questioned Costs – Major Federal Programs Audit

There are no findings to be reported.

APPENDIX D
KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B

STATEMENT OF INDEBTEDNESS

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 \$63,065,000
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 \$0.6350 per \$100 of assessed valuation for real property and \$0.6350 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 November 05, 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

**KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B**

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL



101 S. 5th Street, Suite 3200
Louisville, Kentucky 40202
Telephone: 502-423-2000
Telefax: 502-423-2001
www.steptoe-johnson.com

_____, 2025

Board of Education of Shelby County, Kentucky
Shelbyville, Kentucky

Ladies and Gentlemen:

We have served as bond counsel to the Board of Education of Shelby County, Kentucky (“Board”) and in such capacity have examined the transcript of proceedings for the issue of \$14,855,000 Board of Education of Shelby County, Kentucky General Obligation Bonds, Second Series 2025 (the “Bonds”), dated November 6, 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 Shelby 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 NOT 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
KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

Relating to:

 \$[Final Par]
KENTON COUNTY SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2025B

Dated as of: December 16, 2025

This CONTINUING DISCLOSURE CERTIFICATE (this “Certificate”) is executed and delivered as of December 16, 2025, by the Kenton County School District (the “Issuer”), in connection with the issuance and delivery of its \$[Final Par] Kenton County School District, Series 2025B (the “Obligations”). The Obligations are being issued under and in accordance with a resolution adopted by the Board of Education of the Issuer on November 3, 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 Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”).

Section 2. Definitions; Scope of this Certificate.

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

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

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

“*Event*,” with respect to the Obligations, means any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on any debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on any credit enhancements, reflecting financial difficulties;
- (v) Substitution of any credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of any proposed or final determinations of taxability, any Notices of Proposed Issue (IRS Form 5701-TEB), or any other material notices or determinations with respect to the tax status of the security, or any other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for any mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution, or sale of any property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or any other similar event of the Issuer (Note – This event is considered to occur upon the occurrence of any of the following events: The appointment of a receiver, fiscal agent, or other similar officer for the Issuer in any proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over all 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 of the Issuer but subject to the supervision and orders of a court or governmental authority, or the entry of any order confirming any plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over all or substantially all of the assets or business of the Issuer);

- (xiii) The consummation of any merger, consolidation, or other acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into any definitive agreement to undertake any of such actions, or the termination of any definitive agreement relating to any such actions, other than in accordance with its terms, if material;
- (xiv) Appointment of any successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of any Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or any other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, acceleration event, termination event, modification of terms, or any other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

“ *Holders*” means any holder or Beneficial Owner of the Obligations.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Offering Document*” means the Official Statement dated November 25, 2025.

“*Operating Data*” means an update of the operating data of the Issuer, limited to the information set forth under the following headings (or their functional equivalents) of Appendix [] of the Offering Document: “Assessed Value of Property,” “Historical Tax Rates,” “Top Ten Taxpayers of the District,” “Attendance,” and “SEEK Funds.”

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

“*SEC*” means the Securities and Exchange Commission.

Section 3. Disclosure of Information.

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

(i) Annual Financial Information and Operating Data. The Annual Financial Information and Operating Data of the Issuer, at least annually, on or before 270 days after the end of each fiscal year ending June 30, commencing with the fiscal year ended June 30, 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 an Event, in a timely manner, not in excess of ten business days after the occurrence of the Event.

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

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

(C) Means of Making Information Public.

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

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

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

(c) to the SEC, by (1) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (2) first class mail, postage prepaid; provided, however, that the Issuer and the Disclosure Agent are authorized to transmit

information to the SEC by any means that are mutually acceptable to the Issuer or the Disclosure Agent, as the case may be, and the SEC.

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

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

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

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

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

Section 4. Amendment or Modification.

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

Section 5. Miscellaneous.

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

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (i) disseminating any other information using the means of dissemination set forth

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

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

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

Section 6. Additional Disclosure Obligations.

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

Section 7. Notices.

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

Kenton County School District
1055 Eaton Drive
Fort Wright, Kentucky 41017
Attention: Finance Director
Telephone: 859-344-8888

[Signature page to follow]

SIGNATURE PAGE TO 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 THE
KENTON COUNTY SCHOOL DISTRICT

By: _____
Chair

APPENDIX G

**KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B**

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, 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 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 its participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between the Direct Participants’ accounts, which eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers, dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”), which 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, including both U.S. and non-U.S. securities brokers, dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with any Direct Participant, either directly or indirectly (the “Indirect Participants” and, together with the Direct Participants, the “Participants”). DTC has a rating of AA+ from S&P. The DTC Rules that are applicable to the 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 the Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (each, a “Beneficial Owner”) is, in turn, to be recorded on the records of the Direct Participants and the Indirect Participants. The Beneficial Owners will not receive written confirmation from DTC of their purchase; provided, however, that the Beneficial Owners are expected to receive written confirmations providing details of such transaction, as well as periodic statements of their holdings, from the Direct Participant or the Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct Participants and the Indirect Participants acting on behalf of the Beneficial Owners. The Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all of the 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 the 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 of the Bonds. 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 Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The conveyance of notices and any other communications by DTC to the Direct Participants, by the Direct Participants to the Indirect Participants, and by the Direct Participants and the Indirect Participants to

the Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events relating to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, the Beneficial Owners may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. Alternatively, the 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 a single 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 the 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 District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and 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 detailed information from the District or the Paying Agent, on the payable date in accordance with their respective holdings shown upon DTC's records. All payments by the Participants to the Beneficial Owners will be governed by standing instructions and customary practices, as is the case with any securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, 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) will be the responsibility of the District or the Paying Agent, the disbursement of such payments to Direct Participants will be the responsibility of DTC, and the disbursement of such payments to Beneficial Owners will be the responsibility of the Direct Participants and the Indirect Participants.

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

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

APPENDIX H
KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$16,740,000*

KENTON COUNTY SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2025B

Notice is hereby given that electronic bids will be received by the Board of Education of the Kenton County School District (the “District”), until 11:00 a.m., E.S.T. on November 25, 2025, at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Frankfort, Kentucky 40601, receive sealed, competitive bids for the bonds described herein (the “Bonds”). To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Secretary at the address indicated on the date of sale no later than the hour indicated. Bids will be opened by the Secretary and may be accepted without further action by the District’s Board of Education.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

The Bonds are authorized by Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, and Section 160.160 of the Kentucky Revised Statutes, as amended, and are being issued under and in accordance with a Bond Resolution adopted by the Board of Education of the District on November 3, 2025 (the “Bond Resolution”). The Bonds are general obligation bonds and constitute a direct indebtedness of the District. The Bonds are secured by the District’s ability to levy, and its pledge to levy, an ad valorem tax on all property within the District in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purposes of (i) financing all or a portion of the costs of acquiring, constructing, renovating, equipping, and installing improvements at Piner Elementary School and White’s Tower Elementary School (collectively, the “Project”); (ii) paying capitalized interest on the Bonds, if desirable; and (iii) paying all or a portion of the costs of issuance of the Bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS, AND PAYING AGENT

The Bonds shall be dated their date of initial issuance and delivery and shall bear interest at the rates set forth on the cover page hereof, payable semiannually on June 1 and December 1, beginning June 1, 2026.

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

| <u>Maturity</u> | <u>Amount*</u> | <u>Maturity</u> | <u>Amount*</u> |
|------------------|----------------|------------------|----------------|
| December 1, 2026 | \$300,000 | December 1, 2036 | \$830,000 |
| December 1, 2027 | 300,000 | December 1, 2037 | 855,000 |
| December 1, 2028 | 300,000 | December 1, 2038 | 1,050,000 |
| December 1, 2029 | 345,000 | December 1, 2039 | 1,095,000 |
| December 1, 2030 | 480,000 | December 1, 2040 | 1,260,000 |

* Subject to Permitted Adjustment.

| | | | |
|------------------|---------|------------------|-----------|
| December 1, 2031 | 630,000 | December 1, 2041 | 1,305,000 |
| December 1, 2032 | 650,000 | December 1, 2042 | 1,205,000 |
| December 1, 2033 | 660,000 | December 1, 2043 | 1,285,000 |
| December 1, 2034 | 675,000 | December 1, 2044 | 1,330,000 |
| December 1, 2035 | 730,000 | December 1, 2045 | 1,455,000 |

The Bonds maturing on and after December 1, 2034 are subject to optional redemption on any date on and after December 1, 2033, 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 Bond Registrar for the Bonds (the "Paying Agent and Bond Registrar") at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

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

BIDDING CONDITIONS AND RESTRICTIONS

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

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

Minimum Bid. Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$16,405,200* (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

Award; Adjustment. The determination of the best purchase bid for each of the Bonds will be made on the basis of the lowest net interest cost. Upon determination of the lowest net interest cost, the principal amounts of the Bonds shall be immediately adjusted by the District to determine the maturities of the final bond issue. The successful bidder will be required to accept the Bonds in the amounts so computed, whether the principal amount has been increased by up to ten percent (10%) or decreased in an amount deemed by the District to be in its best interest (the "Permitted Adjustment") and to pay the purchase price based upon the aggregate amount of the final issue.

* Subject to Permitted Adjustment.

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

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

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

Submission of Bids. Each bid on the Official Bid Form shall be placed in a sealed envelope addressed to the District, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the "Kenton County School District General Obligation Bonds, Series 2025B." No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of the District before the time set forth at the beginning of these Official Terms.

Notice is hereby given that electronic proposals will be received via BiDCOMP™/PARITY™, in the manner described below, until 11:00 a.m., E.S.T., on November 25, 2025. Bids may be submitted electronically via BiDCOMP™/PARITY™ pursuant to these Official Terms until 11:00 a.m., E.S.T., but no bid received after the time for receiving bids above. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™ conflict with these Official Terms, the terms of these Official Terms shall control. For further information about BiDCOMP™/PARITY™, potential bidders may contact the Independent Registered Municipal Advisor or BiDCOMP™/PARITY™ at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: (800) 850-7422.

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

Bond Insurance. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Bonds, the District agrees that it will cooperate with

the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the District shall not be liable to any extent therefor.

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

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

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

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

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

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

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

Purchaser Certification. The winning bidder for the Bonds shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1 or Exhibit A-

2, as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under these Official Terms and Conditions of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Independent Registered Municipal Advisor identified herein and any notice or report to be provided to the District shall be provided to the District's Independent Registered Municipal Advisor.

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

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

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

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

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

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

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

CONTINUING DISCLOSURE

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

(i) to the Municipal Securities Rulemaking Board (“MSRB”), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements and additional information consistent with the information contained the following headings of Appendix [] to the Official Statement: “Assessed Value of Property,” “Historical Tax Rates,” “Top Ten Taxpayers of the District,” “Attendance,” and “SEEK Funds.” The Annual Financial Information shall be provided on or before 270 days

after the end of each fiscal year ending June 30, commencing with the fiscal year ending June 30, 2025; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the District;

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

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

assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) Incurrence of a material financial obligation by the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

TAX TREATMENT

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

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

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

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

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

Although Bond Counsel is of the opinion that interest on the Bonds will be excludible from gross income for federal income tax purposes and that interest on the Bonds is excludible 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 other 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 tax counsel regarding the effects of purchasing, holding, or disposing 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, (i) increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, (ii) increasing the federal tax liability of certain insurance companies under Section 832 of the Code, (iii) increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, (iv) increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code, and (v) limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

BOARD OF EDUCATION OF THE
KENTON COUNTY SCHOOL DISTRICT

By: _____
Chair

EXHIBIT A-1
TO
OFFICIAL TERMS AND CONDITIONS OF BOND SALE
FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the Bonds]

ISSUE PRICE CERTIFICATE

Dated December 16, 2025

Re: \$[Final Par] Kenton County School District General Obligation Bonds,
 Series 2025B, dated December 16, 2025

The undersigned, on behalf of [Underwriter Name] (the “Transaction Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Transaction Underwriter are the prices listed in Schedule I attached hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Transaction Underwriter in formulating its bid to purchase the Bonds. A true and correct copy of the bid provided by the Transaction Underwriter to purchase the Bonds is attached hereto as Schedule II.

(b) The Transaction Underwriter was not given the opportunity to review any other bids prior to submitting its bid.

(c) The bid submitted by the Transaction Underwriter constituted a firm offer to purchase the Bonds.

2. Yield on the Bonds. It computed the yield on the Bonds, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds, is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

3. Weighted Average Maturity. The weighted average maturity of the Bonds has been calculated to be [WAM] years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the Bonds as of the date hereof.

4. Defined Terms.

(a) “Issuer” means the Kenton County School District.

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

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

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 25, 2025.

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

The representations set forth in this certificate are limited to factual matters only. Nothing contained in this certificate represents the Transaction Underwriter’s interpretation of any laws, including, specifically, Section 103 and Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder. The Transaction Underwriter understands that the information set forth in this certificate will be relied upon (i) by the Issuer with respect to certain representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and (ii) by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and any other federal income tax advice that it may give to the Issuer from time to time in connection with the Bonds.

[UNDERWRITER NAME]

By: _____

Name: _____

Title: _____

SCHEDULE I
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES
(See attachment)

SCHEDULE II
TO
ISSUE PRICE CERTIFICATE

COPY OF BID

(See attachment)

EXHIBIT A-2
TO
OFFICIAL TERMS AND CONDITIONS OF BOND SALE
FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the Bonds]

ISSUE PRICE CERTIFICATE

Dated December 16, 2025

Re: \$[Final Par] Kenton County School District General Obligation Bonds,
Series 2025B, dated December 16, 2025

The undersigned, [Underwriter Name] (the “Transaction Underwriter”), hereby certifies as set forth below with respect to the sale of the above-captioned bonds (the “Bonds”).

1. Issue Price.

(a) As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule I attached hereto (the “Sale Price,” as applicable to each Maturity of the General Rule Maturities).

(b) The Transaction Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule I attached hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule II.

(c) As set forth in the Official Terms and Conditions of Bond Sale, the Transaction Underwriter has agreed in writing that (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Under the Official Terms and Conditions of Bond Sale or any selling group agreement or any third-party distribution agreement, no Underwriter (as defined herein) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

(d) The aggregate of the Sale Prices of the General Rule Maturities and the Initial Offering Prices of the Hold-the-Offering-Price Maturities is \$[Issue Price] (the “Issue Price”).

2. Yield on the Bonds. It computed the yield on the Bonds, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations,

produces an amount equal to their purchase price, which, in the case of the Bonds, is the Issue Price, determined without taking into account issuance expenses and Underwriter's discount.

3. Weighted Average Maturity. The weighted average maturity of the Bonds has been calculated to be [WAM] years. The weighted average maturity is the sum of the products of the respective Sale Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Sale Price of the Bonds as of the date hereof.

4. Defined Terms.

(a) "General Rule Maturities" means those Maturities of the Bonds listed as the "General Rule Maturities" in Schedule I attached hereto.

(b) "Hold-the-Offering-Price Maturities" means those Maturities of the Bonds listed as the "Hold-the-Offering Price Maturities" in Schedule I attached hereto.

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

(d) "Issuer" means the Kenton County School District.

(e) "Maturity" means any Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or any Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) "Official Terms and Conditions of Bond Sale" means the Official Terms and Conditions of Bond Sale prepared for distribution to potential bidders prior to the Sale Date of the Bonds.

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

(h) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 25, 2025.

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

The representations set forth in this certificate are limited to factual matters only. Nothing contained in this certificate represents the Transaction Underwriter's interpretation of any laws, including, specifically, Section 103 and Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations issued thereunder. The Transaction Underwriter understands that the foregoing information will be relied upon (i) by the Issuer with respect to certain representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and (ii) by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and any other federal income tax advice that it may give to the Issuer from time to time in connection with the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

[TRANSACTION UNDERWRITER
NAME]

By: _____

Name: _____

Title: _____

SCHEDULE I
TO
ISSUE PRICE CERTIFICATE

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE BONDS

General Rule Maturities

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | Actual Sale Price of <u>First 10%</u> | <u>Issue Price</u> | <u>CUSIP</u> |
|--------------------------|-----------------------------|--------------------------|---|--------------------|--------------|
|--------------------------|-----------------------------|--------------------------|---|--------------------|--------------|

Hold-the-Offering-Price Maturities

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | Initial <u>Offering Price</u> | <u>Issue Price</u> | <u>CUSIP</u> |
|--------------------------|-----------------------------|--------------------------|----------------------------------|--------------------|--------------|
|--------------------------|-----------------------------|--------------------------|----------------------------------|--------------------|--------------|

SCHEDULE II
TO
ISSUE PRICE CERTIFICATE

COPY OF PRICING WIRE

(See attachment)

APPENDIX I
KENTON COUNTY (KENTUCKY) SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025B

OFFICIAL BID FORM

OFFICIAL BID FORM

KENTON COUNTY SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2025B

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$16,740,000* of General Obligation Bonds, Series 2025B (the “Bonds”), dated their date of initial issuance and delivery offered for sale by the Kenton County School District (the “District”) in accordance with the Preliminary Official Statement dated [November __, 2025] and the Notice of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$16,740,000* principal amount of the Bonds, the total sum of \$ _____ (not less than \$16,405,200*) at the following annual rate(s), payable semiannually (rates of any maturity may be less than any preceding maturity, number of interest rates unlimited):

| <u>Maturity</u> | <u>Amount*</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Amount*</u> | <u>Interest Rate</u> |
|------------------|----------------|--------------------------|------------------|----------------|--------------------------|
| December 1, 2026 | \$[_____] | _____ % | December 1, 2036 | \$[_____] | _____ % |
| December 1, 2027 | \$[_____] | _____ % | December 1, 2037 | \$[_____] | _____ % |
| December 1, 2028 | \$[_____] | _____ % | December 1, 2038 | \$[_____] | _____ % |
| December 1, 2029 | \$[_____] | _____ % | December 1, 2039 | \$[_____] | _____ % |
| December 1, 2030 | \$[_____] | _____ % | December 1, 2040 | \$[_____] | _____ % |
| December 1, 2031 | \$[_____] | _____ % | December 1, 2041 | \$[_____] | _____ % |
| December 1, 2032 | \$[_____] | _____ % | December 1, 2042 | \$[_____] | _____ % |
| December 1, 2033 | \$[_____] | _____ % | December 1, 2043 | \$[_____] | _____ % |
| December 1, 2034 | \$[_____] | _____ % | December 1, 2044 | \$[_____] | _____ % |
| December 1, 2035 | \$[_____] | _____ % | December 1, 2045 | \$[_____] | _____ % |

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 Commission, 700 Louisville Road, Frankfort, Kentucky 40601. Neither the District nor the Independent Registered Municipal Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone.

* Subject to Permitted Adjustment.

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

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

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

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

Respectfully submitted,

Bidder

Address

Signature

Net interest cost: Date of Delivery (estimated to be December 16, 2025) to Final Maturity \$ _____

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

Net interest cost (i.e. NIC) \$ _____

Average interest rate or cost _____ %

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

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

| <u>Maturity</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Amount</u> | <u>Interest Rate</u> |
|------------------|---------------|--------------------------|------------------|---------------|--------------------------|
| December 1, 2026 | \$ _____ | _____ % | December 1, 2036 | \$ _____ | _____ % |
| December 1, 2027 | \$ _____ | _____ % | December 1, 2037 | \$ _____ | _____ % |
| December 1, 2028 | \$ _____ | _____ % | December 1, 2038 | \$ _____ | _____ % |
| December 1, 2029 | \$ _____ | _____ % | December 1, 2039 | \$ _____ | _____ % |
| December 1, 2030 | \$ _____ | _____ % | December 1, 2040 | \$ _____ | _____ % |
| December 1, 2031 | \$ _____ | _____ % | December 1, 2041 | \$ _____ | _____ % |
| December 1, 2032 | \$ _____ | _____ % | December 1, 2042 | \$ _____ | _____ % |
| December 1, 2033 | \$ _____ | _____ % | December 1, 2043 | \$ _____ | _____ % |
| December 1, 2034 | \$ _____ | _____ % | December 1, 2044 | \$ _____ | _____ % |
| December 1, 2035 | \$ _____ | _____ % | December 1, 2045 | \$ _____ | _____ % |

Chair, Board of Education
 Kenton County School District

Dated: November 25, 2025