

The Preliminary Official Statement has been prepared for submission to prospective bidders for the bonds herein described and is a form "deemed final" by the Board of Education for purpose of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 19, 2025**

*In the opinion of Bond Counsel, subject to the conditions set forth in "Tax Exemption" herein, under existing laws, interest on the Bonds is excluded from gross income for federal and Kentucky income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the average annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax. Bond Counsel are further of the opinion that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions. See "Tax Exemption" herein.*

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

**Ratings: "Aa3" Moody's Underlying  
("Aa3" Enhanced)  
(See "Ratings" Herein)**



**\$9,930,000\***

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

**Dated: Date of Delivery**

**Bonds Due: April 1, as set forth below**

The Board of Education of Grayson County, Kentucky General Obligation Bonds, Series 2025 (the "Bonds"), will be issued initially in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal and interest on the Bonds will be paid by Regions Bank, Nashville, Tennessee, as Paying Agent and Bond Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal or interest to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issuable in denominations of \$5,000 or any integral multiples thereof, fully registered as to both principal and interest. Interest on the Bonds is payable semi-annually on each April 1 and October 1, commencing on October 1, 2025. The Bonds will mature on April 1 in the following years:

<u>Maturing April 1</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP</u>	<u>Maturing April 1</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP</u>
2026	\$ 60,000	___%		___	2036	\$ 370,000	___%		
2027	45,000	___%			2037	400,000	___%		
2028	45,000	___%			2038	415,000	___%		
2029	50,000	___%			2039	535,000	___%		
2030	50,000	___%			2040	880,000	___%		
2031	315,000	___%			2041	915,000	___%		
2032	325,000	___%			2042	955,000	___%		
2033	340,000	___%			2043	1,050,000	___%		
2034	355,000	___%			2044	1,100,000	___%		
2035	370,000	___%			2045	1,355,000	___%		

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

The Bonds are offered, subject to prior sale, when, as and if issued, subject to prior approval of legality and tax exemption by Rubin & Hays, Louisville, Kentucky, Bond Counsel. Delivery of the Bonds is expected on or about April 16, 2025.

The Board of Education of Grayson County, Kentucky deems the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission, except information which may be omitted pursuant to such rule.



\* Preliminary, subject to adjustment

## **REGARDING USE OF THIS PRELIMINARY OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the Board of Education of Grayson County, Kentucky (the “Board” or the “Issuer”) as the governing body of the Grayson County School District (the “District”) referred to on the cover page hereof. No person has been authorized by the Board to give any information or to make any representation other than that contained in this Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized by the Board or the Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

The price and other terms respecting the offering and sale of the Bonds may be changed from time to time by the underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. The information in this Official Statement has been obtained from sources which are considered reliable, and which are customarily relied upon in preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency other than the Board will pass upon the accuracy, completeness or adequacy of this Official Statement.

All financial and other information presented in this Official Statement has been provided by the Board from their records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts 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 Board or the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future. Insofar as the statements contained in this Official Statement 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, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources before the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the Board preliminary to the sale of the Bonds should be regarded as part of the Board’s contract with the successful bidder or the holders from time to time of the Bonds.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the District’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. This Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes or uncoded, or to the provisions of the Kentucky Constitution, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

## **GRAYSON COUNTY BOARD OF EDUCATION**

### Board Members

Brett Abney *Board Chair*  
Darrell Witten, *Vice Chair*  
Anna Majors, *Member*  
Jon Decker, *Member*  
Marcus Whitley, *Member*

Doug Robinson, *Superintendent and Secretary*  
Erin Embry, *Director of Finance*

### **BOND COUNSEL**

Rubin & Hays  
Louisville, Kentucky

### **FINANCIAL ADVISOR**

Robert W. Baird & Co., Incorporated  
Louisville, Kentucky

### **PAYING AGENT AND BOND REGISTRAR**

Regions Bank  
Nashville, Tennessee

***[This page intentionally left blank]***

## TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1
THE BOARD AND THE DISTRICT .....	2
THE BONDS.....	3
BOOK-ENTRY ONLY SYSTEM .....	6
THE PROJECT .....	9
SOURCES AND USES OF FUNDS.....	10
SECURITY AND SOURCES OF PAYMENT.....	10
KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION .....	12
THE BOND RESOLUTION .....	13
FUTURE INDEBTEDNESS .....	19
STATE SUPPORT FOR EDUCATION .....	20
STATE INTERCEPT.....	23
KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION.....	23
GRAYSON COUNTY SCHOOL DISTRICT REVENUE SOURCES .....	23
STATE AND LOCAL TAX LIMITATIONS.....	26
EMPLOYEE PENSIONS.....	27
CERTAIN RISKS ASSOCIATED WITH THE BONDS .....	29
LITIGATION .....	30
TAX EXEMPTION.....	31
BANK QUALIFICATION .....	35
LEGAL MATTERS.....	35
DISCLOSURE COMPLIANCE.....	35
RATINGS .....	37
FINANCIAL ADVISOR.....	38
UNDERWRITING .....	38
REFERENCE TO DOCUMENTS .....	38
MISCELLANEOUS .....	38

Appendix A:	Tax Base and Operating Data
Appendix B:	Outstanding Bonds of the Board and the District
Appendix C:	Demographic and Economic Data
Appendix D:	Estimated Debt Service Requirements on the Series 2025 Bonds and Total Annual Debt Service Requirements
Appendix E:	Audited Financial Statements for the Year Ended June 30, 2024
Appendix F:	Form of Bond Counsel Opinion
Appendix G:	Continuing Disclosure Agreement

***[This page intentionally left blank]***

**OFFICIAL STATEMENT  
Relating To**

**\$9,930,000\***

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

**INTRODUCTORY STATEMENT**

This Official Statement, including the cover page and Appendices hereto, is furnished in connection with the offering of \$9,930,000\* principal amount of General Obligation Bonds, Series 2025 (the “Bonds”), of the Board of Education of Grayson County, Kentucky (the “Board”) as the governing body of the Grayson County School District (the “District”). The Bonds will be issued under and in compliance with the laws of the Commonwealth of Kentucky (the “Commonwealth”), including Sections 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.191, Section 160.160 and Sections 162.010 through 162.387 of the Kentucky Revised Statutes (collectively the “Act”), and in accordance with a resolution (the “Bond Resolution” or “Resolution”) adopted by the Board.

The Bonds have been authorized and are being issued to pay the cost to renovate, expand, improve and equip the District’s Area Vocational Education Center (the “Project”), as described under the heading “THE PROJECT”.

The payment of the principal of and interest on the Bonds is secured by the full faith, credit, and taxing resources of the District, which pursuant to the Bond Resolution are pledged for such purpose, as described under the heading “SECURITY AND SOURCES OF PAYMENT”. Upon issuance of the Bonds the total indebtedness of the District, within the meaning of Section 158 of the Constitution of Kentucky, as amended, and the total net indebtedness of the District within the meaning of the Act, do not exceed 2% of the total value of taxable property within the jurisdiction of the District, as determined by the last certified assessment with respect to such property.

Prior to the issuance of the Bonds, the Board will issue a Continuing Disclosure Agreement regarding the District’s obligation to make continuing annual disclosure of certain financial and operating information and disclosure of certain material events that might occur, all as described hereinafter under the heading “DISCLOSURE COMPLIANCE”.

The Bonds will be issued initially only in book-entry form in the name of Cede & Co., a nominee of The Depository Trust Company (“DTC”), as securities depository. No physical delivery of the Bonds will be made to purchasers. SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER, REFERENCES TO BONDHOLDERS OR REGISTERED HOLDERS OR OWNERS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE OWNERS OF THE BONDS. See “THE BONDS” – “Denominations and Places of Payment” and “BOOK-ENTRY ONLY SYSTEM”.

The Paying Agent and Bond Registrar for the Bonds is Regions Bank Nashville, Tennessee (the “Paying Agent”).

There follows brief descriptions of the Board and the District, the Project to be financed, the Bonds, the Bond Resolution, and related documents, and the Continuing Disclosure Agreement, together with the Appendices containing financial and other information with respect to the District. All descriptions contained herein of the Bonds, the Bond Resolution, and related documents, and the Continuing Disclosure Agreement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, all of which are available for inspection at the District office located at 790 Shaw Station Road, Leitchfield, Kentucky 42754.

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

## **THE BOARD AND THE DISTRICT**

The Board is a body politic and corporate with perpetual succession of the Commonwealth of Kentucky that is the governing body of and manages and controls the affairs and operations of the District.

The Board consists of five elected members from designated districts in Grayson County, Kentucky. The districts are roughly equal in population. Members are elected for four-year terms and there is no limitation for succession by any member of the Board. To be elected as a member of the Board, the candidate must be at least 24 years old, a Kentucky citizen for the last three years, and a registered voter in the appropriate district and voter precinct. In addition, a member must also hold a high school diploma or GED certificate and be in compliance with anti-nepotism state laws, and cannot provide contract services for the school district. The existing members of the Board are:

<u>Member</u>	<u>Position</u>	<u>Term Ends</u>
Brett Abney	Chair	12/31/2026
Darrell Witten	Vice Chair	12/31/2028
Anna Majors	Member	12/31/2026
Jon Decker	Member	12/31/2026
Marcus Whitley	Member	12/31/2028

During the 2023-24 school year, the District employed 266 full time teachers, 76% of whom had advanced degrees. The District’s support and administrative staff numbered 36. The Board employs a Superintendent of Schools (the “Superintendent”), who, subject to the control of the Board, has general supervision of the conduct of the schools, the courses of instruction, the management of teachers, the discipline of pupils and the management of business affairs. Key District administrative personnel include:



<u>Name</u>	<u>Position</u>	<u>Years With District</u>
Doug Robinson	Superintendent	23
Adam Cox	Assistant Superintendent	3
Erin Embry	Director of Finance	8

For the year 2023-24, District enrollment totaled 4,141 students, consisting of 1,824 Elementary students (grades K-5), 808 Middle school students (grades 6-8), 1,236 High school students (grades 9-12), and 273 other students consisting of preschool age children and over 18 year olds. The District operates four (4) Elementary schools, one (1) Middle school, one (1) High school and the Area Vocational Education Center. The District provides primary and secondary education to Grayson County, Kentucky. Sixty-six percent (66%) of the District's students qualify for free/reduced meal programs.

As part of this Official Statement, Tax Base and Operating Data pertaining to the District is included in Appendix A; the Outstanding Bond indebtedness of the Board and the District is included in Appendix B; demographic and economic data for the area served by the District is included in Appendix C; Estimated Debt Service Requirements for the Bonds is included in Appendix D; and the Audited Financial Statements of the District for its Fiscal Year ended June 30, 2024 are included as Appendix E.

## **THE BONDS**

### **General**

The Bonds will be dated the date of initial delivery thereof, will bear interest from the date of their issuance, payable semi-annually on April 1 and October 1 of each year commencing October 1, 2025. Payments on each Bond will be paid to the person who is the Registered Owner thereof as of the close of business on the fifteenth day of the month preceding any Interest Payment Date (the "Record Date"), whether or not such Record Date is a business day. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds will mature on April 1 of each year, in the years and in the principal amounts as set forth on the inside front cover page of this Official Statement.

## **Denominations and Payment of Bonds**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as maybe requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. So long as the Bonds are held in the book-entry only system, DTC (or a successor securities depository) or its nominee will be the registered owner or holder of the Bonds for all purposes of the Bond Resolution, the Bonds, and this Official Statement. See “Book-Entry Only System” below.

In the event that the Bonds are not held in a book-entry only system, the principal of and any premium on the Bonds will be payable when due to the persons in whose name the Bonds are registered (the “Holders”) upon presentation and surrender thereof at the designated trust office of the Paying Agent in Nashville, Tennessee. The principal of and premium, if any, and interest on the Bonds are payable in any coin or currency of the United States of America. The principal of and premium, if any, on the Bonds will be paid upon surrender thereof at the principal corporate trust office of the Paying Agent. Interest on each Bond shall be paid by check mailed on the Interest Payment Date to the Person who is the Holder thereof as shown on the Bond Register, on the applicable Record Date, at the address of the Holder as it appears on the Record Date on the Bond Register.

The Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple of \$5,000 (“Authorized Denominations”).

## **Registration, Transfer, and Exchange**

The Paying Agent shall serve as the Bond Registrar and shall maintain books (the “Bond Register”) for the registration and for the transfer of the Bonds.

Upon surrender for registration of transfer of any Bond at the principal office of the Paying Agent, the Paying Agent shall authenticate and shall deliver a new Bond or Bonds in the same aggregate principal amount as the Bond surrendered. No transfer of any Bond shall be binding upon the Paying Agent unless made at such office and shown on the Bond Register. Unless and until the Paying Agent notifies the Bondowners in writing of any change of Paying Agent or of any change of the designated corporate trust office thereof, the Paying Agent’s designated corporate trust office shall be 1600 Division Street, 9<sup>th</sup> Floor, Nashville, Tennessee 37203, Attention: Corporate Trust Administration.

The Paying Agent shall not be required to exchange or transfer any Bond or portion thereof which has been called for redemption.

## **Optional Redemption**

The Bonds maturing prior to April 1, 2033 shall not be subject to optional redemption prior to maturity. The Bonds maturing on or after April 1, 2034, are subject to optional redemption, in whole or in part, by the District prior to their stated maturities, at any time falling on or after April 1, 2033, and in any order of maturities (less than all Bonds of a single maturity to be selected by the Bond Registrar by lot in such manner as may be determined in the discretion of the Paying Agent) upon payment of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption.

## **Notice of Redemption and Payments**

Notice of redemption with respect to the Bonds is to be given by the Paying Agent on behalf of the District to the registered owner of each Bond being redeemed by first class mail, addressed to the last known address of such Bondholder as it appears upon the Bond Register, or at such other address as is furnished in writing by the Bondholder to the Paying Agent, not fewer than 25 days nor more than 60 days prior to redemption. Failure to receive any such notice or any defect therein shall not affect the validity of any proceeding for the redemption of any other Bond.

All notices of redemption shall state:

- (i) the redemption date;
- (ii) the redemption price (including premium, if any);
- (iii) the name of the Bonds to be redeemed, the principal amount of Bonds to be redeemed, and, if less than all Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (iv) that on the redemption date, the redemption price, as appropriate, of each such Bond will become due and payable, that interest on each such Bond shall cease to accrue on and after such date, and that each such Bond will be deemed to have been redeemed;
- (v) the place or places where such Bonds must be surrendered for payment of the redemption price thereof; and
- (vi) such additional information as the District or the Paying Agent shall deem appropriate.

In the case of an optional redemption pursuant to the Bond Resolution, the notice of redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent no later than the redemption date or (ii) that the District retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional

redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded in writing, and disseminated to each Bondholder in accordance with the procedures set forth in the Bond Resolution, no later than 7 days prior to the redemption date.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the District shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof.

Notice of the call for redemption of Bonds held under a book-entry system will be sent by the Paying Agent only to DTC or its nominee as registered owner. Selection of book-entry interests in the Bonds called and notice of call to the owners of those interests called, is the responsibility of DTC, Direct Participants and Indirect Participants. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the book-entry interest owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of the Bonds (see "BOOK-ENTRY ONLY SYSTEM" herein).

When less than the entire un-matured portion of the Bonds are called for redemption at any time or from time to time, the selection of such Bonds or portions of Bonds is to be made by lot in such manner as determined by the Paying Agent; provided that the Paying Agent shall select Bonds for redemption so as to assure that after such redemption no Bondholder shall retain Bonds in an aggregate amount less than the Authorized Denomination. Except as provided in the preceding sentence, if less than all of an outstanding Bond of one maturity held under a book-entry system is to be called for redemption, the Paying Agent will give notice of redemption only to DTC or its nominee as registered owner. The selection of the book-entry interests in that Bond to be redeemed and notice of call to the owners of those interests called, is the responsibility of DTC, Direct Participants and Indirect Participants.

## **Defeasance**

The District reserves the right at all times to make provision for discharge of all Bonds by depositing into the Sinking Fund moneys sufficient to pay all principal and interest requirements on the Bonds to and on the first or next date of redemption, or to the date of maturity, together with sufficient additional moneys to redeem and discharge all outstanding Bonds on such redemption date, or to deposit into the Sinking Fund such principal amount of bonds or notes that are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America ("U.S. Obligations") as shall, with earnings thereon, produce an identical result.

## **BOOK-ENTRY ONLY SYSTEM**

**The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. None of the Board, the Paying Agent, the Financial Advisor, or the Underwriter makes no representations, warranties, or guarantees with respect to its accuracy or completeness.**

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 pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board 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 Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

Prior to the issuance of the Bonds, the Board will execute a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with respect to the Bonds regarding its obligation to make continuing annual disclosure of certain financial and operating information and disclosure of certain events which might occur, all as described hereinafter under the heading "DISCLOSURE COMPLIANCE."

THE BOARD, THE DISTRICT AND THE PAYING AGENT WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE RESOLUTION; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

### **THE PROJECT**

The Project consists of the renovation, expansion, improvement and equipping of the District's Area Vocational Education Center (the "Project").

Pending disbursement for the authorized purposes, the proceeds of the Bonds will be subject to a first and paramount lien and charge in favor of the Bondholders and for their further security, and will be invested in Permitted Investments.

## SOURCES AND USES OF FUNDS

The table below shows the sources and uses of Bond proceeds and other funds:

### *Sources of funds:*

Par amount of Bonds	\$ _____
Premium (Discount)	_____
Total Sources of Funds	\$ _____

### *Uses of funds:*

Deposit to Project Construction Fund	\$ _____
Issuance Costs <sup>1</sup>	_____
Underwriter's Discount	_____
Total Uses of Funds	\$ _____

<sup>1</sup>*Includes Financial Advisor, Bond Counsel, Rating Agency, Paying Agent and other issuance costs.*

## SECURITY AND SOURCES OF PAYMENT

The Bonds are being issued by the Board under the authority and in compliance with the laws of the Commonwealth of Kentucky (the "Commonwealth"), including Sections 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.191, Section 160.160 and Sections 162.010 through 162.387 of the Kentucky Revised Statutes (collectively the "Act"), and in accordance with a resolution (the "Bond Resolution" or "Resolution") adopted by the Board.

Under the terms of the Bond Resolution, the Bonds constitute general obligations of the District and the full faith, credit and taxing power of the District is irrevocably pledged to the prompt payment of the principal of, premium, if any, and interest on the Bonds when the same become due.

As general obligations of the District, the Bonds shall be and hereby are declared to be payable in accordance with the Act from all lawfully available Pledged Receipts (including, but not by way of limitation, any moneys attributable to Bond proceeds or the income from the temporary investment thereof, moneys held in the Funds and any other moneys held by the Paying Agent for the benefit of the Bonds); provided there shall be no impairment of the express contract rights, if any, of the holders of outstanding bonds of the District. No liability shall attach to the officials or representatives of the Board or the District for the payment of principal of or interest (or premium, if any) on the Bonds.

For the purpose of providing funds required to pay the interest on the Bonds (as well as all other General Obligation Debt, if any) as and when the interest becomes due and in order to create a sinking fund to pay and discharge the principal thereof (and premium, if any) as the Bonds and



any other General Obligation Debt become due, and pursuant to and in compliance with (i) Section 159 of the Constitution of the Commonwealth and (ii) the Act, there is levied in the Bond Resolution on all of the taxable property within the jurisdiction of the District, beginning as of the date of the Bond Resolution and continuing in each year as long as any of the Bonds are Outstanding or any other General Obligation Debt is outstanding, a direct annual tax sufficient, to the extent other lawfully available moneys of the District are not provided, for that purpose, which tax shall be unlimited as to rate or amount. The Board covenants and pledges in the Bond Resolution to levy, charge, collect, deposit, and apply the proceeds of such special annual tax to the payment of such debt charges on the Bonds and any other General Obligation Debt. The Board acknowledges in the Bond Resolution, however, that in the current fiscal year no such special annual tax would actually be required to be levied or collected in order for the District to make payments on the Bonds (and such other General Obligation Debt, if any) when due, there being sufficient other moneys lawfully available to the District for the making of such payments. The Board further acknowledges in the Bond Resolution that in no future fiscal year does the Board expect that a special annual tax would actually be required to be levied or collected for the District to make payments on the Bonds (and such other General Obligation Debt, if any) when due, the Board having projected there will be sufficient other moneys lawfully available to the District for the making of such payments.

Any and all proceeds derived from the special annual tax authorized in the Bond Resolution and levied from time to time, together with other lawfully available moneys of the District provided for the purpose, shall be deposited and carried in a separate and special account of the District (specifically, the Sinking Fund provided for in the Bond Resolution), held apart from all other funds of the District, and shall be applied only for the purpose of paying the principal of and interest (and premium, if any) on the Bonds as provided in the Bond Resolution and any other General Obligation Debt, if any. The proceeds of the special annual tax and the balances accumulated from time to time in the Sinking Fund are irrevocably pledged for the purpose of paying the principal of and interest (and premium, if any) on the Bonds and any other General Obligation Debt, if any, and shall never be used for any other purpose. The Board covenants and pledges in the Bond Resolution with the Bondholders that the Board will levy the special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent funds are not otherwise provided, to pay the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt, if any, when due.

If principal or interest (or premium, if any) on the Bonds or any other General Obligation Debt should fall due in any year at a time when there are insufficient funds on hand, collected by reason of the foregoing special annual tax levy, such principal and interest (and premium, if any) shall be paid from other available funds of the District and reimbursement therefor shall be made out of the special annual tax hereby provided, when the same has been collected.

The Bond Resolution also constitutes a continuing appropriation from such taxes and all other lawfully available Pledged Receipts, of the sum annually necessary to pay the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt when due. The Finance Director is authorized in the Bond Resolution to collect taxes and any other amounts received by or on behalf of the District, and to apply the same to the payment of debt

charges on the Bonds and such other General Obligation Debt and all other obligations due or coming due under the Bond Resolution or otherwise with respect to such General Obligation Debt.

Payment of the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt when due in accordance with the foregoing provisions is subject only to the prior application of the Pledged Receipts in accordance with the express contract rights, if any, of the holders of outstanding bonds of the District, as provided pursuant to the Act.

All moneys held in the Sinking Fund shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits which cause the aggregate deposits of the District in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Sinking Fund may be invested in Permitted Investments, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Sinking Fund.

### **KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION**

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

Pursuant to the provisions of the KSFCC Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of the Project, as hereinafter defined, and has entered into a Participation Agreement with the Board, whereunder the Commission agrees to pay an annual agreed participation equal to approximately 9.65% of the total debt service requirements to be applied only to the payment of the principal and interest requirements on the Bonds (the "Agreed Participation"); provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2026; the right is reserved in the Commission to terminate the commitment to pay the Agreed Participation every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of each biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget.

## THE BOND RESOLUTION

The following is a summary of certain of the terms and provisions of the Bond Resolution enacted by the Board, authorizing the Bonds. Terms not otherwise defined herein shall have the meanings given in the Bond Resolution.

### Funds and Accounts

Upon delivery of the Bonds to the purchaser or purchasers thereof and receipt of the purchase price, the same shall forthwith in each case (except for the Construction Fund as described hereinafter) be deposited with the Paying Agent, as trust funds, and the Paying Agent shall hold, treat, and disburse the same, as follows:

(a) *Sinking Fund.* There is created in the Bond Resolution the “Board of Education of Grayson County, Kentucky General Obligation Bonds Sinking Fund” (the “Sinking Fund”) to be deposited with the Paying Agent, into which there shall be set aside out of the proceeds of the sale of the Bonds the amount of any accrued interest accruing on said Bonds from their issuance date to their date of delivery and any surplus funds resulting from the sale of the Bonds. The Sinking Fund shall be used solely and only and is hereby pledged for the payment of the interest on and principal of the Bonds.

Funds on deposit in the Sinking Fund may be invested at the written direction of the District in accordance with KRS 66.480, in Permitted Investments. The Paying Agent may rely on such written directions as to both the suitability and legality of the directed investment. All income earned from investment of moneys in the Sinking Fund (including the capitalized interest, if any, deposited therein) shall, as earned, be used to pay principal and interest on the Bonds.

No further payments need be made into the Sinking Fund whenever and so long as such amount of the Bonds has been retired that the amount then held in the Sinking Fund is equal to (or sufficient to defease) the entire amount of the interest and principal (and redemption premium, if any) that will be payable to the Bondholders and at the time of the retirement and/or maturity of all the Bonds then remaining outstanding.

(b) *Costs of Issuance Fund.* There is created in the Bond Resolution the “Board of Education of Grayson County, Kentucky General Obligation Bonds Series 2025 Costs of Issuance Fund” (the “Costs of Issuance Fund”), which shall also be deposited with the Paying Agent as and when needed, into which Costs of Issuance Fund there shall be set aside and deposited the issuance costs of the Bonds. Funds on deposit in the Costs of Issuance Fund shall not be invested and shall be held by the Paying Agent without liability for interest.

(c) *Construction Fund.* There is created in the Bond Resolution the “Board of Education of Grayson County, Kentucky General Obligation Bonds Series 2025 Construction Fund” (the “Construction Fund”) to be deposited with the Construction Fund Depository, into which there shall be set aside out of the proceeds of the sale of the Bonds the amount remaining for the Project.

Funds on deposit in the Construction Fund may be invested in accordance with KRS Section 66.480, in Permitted Investments upon written direction of the District. The investment of funds may be made or transacted by the Construction Fund Depository through the Construction Fund Depository's investment department. All income earned from investment of moneys in the Construction Fund shall be kept in the Construction Fund and used to pay the Costs of the Project.

Whenever the Project is complete, as evidenced by the certifications of the Required Signatures, any surplus then remaining in the Construction Fund shall then be transferred to the Sinking Fund, subject to the provisions of the Bond Resolution.

(d) *Rebate Fund.* In the event that any of the aforesaid Funds are subject to rebate requirements after the issuance of the Bonds, there shall be established a Rebate Fund to be held and maintained by the Paying Agent as a trust fund. There shall be deposited in the Rebate Fund such amounts as are required to prevent the Bonds from being classified as "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Code.

### **Investment of Funds**

Moneys held in any of the aforementioned funds (other than the Costs of Issuance Fund and Rebate Fund) may be invested until required for the purposes intended in one or more of the following "Permitted Investments":

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements 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 future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

1. United States Treasury;
2. Export-Import Bank of the United States;
3. Farmers Home Administration;
4. Government National Mortgage Corporation; and
5. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

1. Federal Home Loan Mortgage Corporation;
2. Federal Farm Credit Banks;
3. Bank for Cooperatives;
4. Federal Intermediate Credit Banks;
5. Federal Land Banks;

6. Federal Home Loan Banks;
7. Federal National Mortgage Association; and
8. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one (1) of the three (3) highest categories by a competent rating agency;

(f) Bankers' acceptances for banks rated in one (1) of the three (3) 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 of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a competent rating agency;

(j) Shares of mutual funds and exchange traded 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 (5) years; and

3. All of the securities in the mutual fund shall be eligible investments pursuant to this section;

(k) Individual equity securities if the funds being invested are managed by a professional investment manager 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 twenty-five percent (25%) of the equity allocation; and

(l) Individual high-quality corporate bonds that are managed by a professional investment manager 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 (10) years; and
3. Are rated in the three (3) highest rating categories by at least two (2) competent credit rating agencies.

(m) Any other lawful investment authorized by the Kentucky Revised Statutes to be utilized by local governments with a rating equal to or higher than the rating of the Bonds, as rated by each rating agency then rating the Bonds, including an investment agreement with investment agreement provider whose obligations have a current rating at least equal to the rating on the Bonds.

### **Additional Covenants**

In the Bond Resolution, the District, among other covenants, has covenanted as follows:

(1) *Payments.* To punctually pay the principal of and interest on the Bonds when due, and at the place and in the manner prescribed in the Bond Resolution from the funds pledged.

(2) *Tax Covenant.* The District covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103(a) of the Code. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District, or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Sections 103(b)(2) and 148 of the Code. To that end, the District will comply with all requirements of Sections 103(b)(2) and 148 of the Code to the extent applicable to the Bonds. If at any time, the District is of the opinion that for purposes of the Bond Resolution it is necessary to restrict or limit the yield on the investment of any moneys held by the Paying Agent under the Bond Resolution, the District shall so instruct the Paying Agent in writing, and the Paying Agent shall take such action as may be necessary in accordance with such instructions.

(3) *Insurance of Project.* The District further covenants and agrees that it will, at all times hereafter until the Bonds shall be fully paid, require the District (to the extent such insurance is obtainable) to keep all insurable real properties and improvements thereon to be insured against loss or damage by fire and windstorm to their full insurable value, with standard comprehensive coverage endorsement.

(4) *Audits.* The District agrees that it will, as soon as may be feasible after the close of each fiscal year, in any event, not later than 180 days after the end of each fiscal year, cause an audit of the financial affairs of the District to be made by a Certified Public Accountant or the State Auditor, covering the status of payments of principal of and interest on the Bonds.

The District will cause a copy of such audit report to be kept on file with the District, where such copy will be subject to inspection at any reasonable time by or on behalf of any Bondholder.

It will furnish or cause to be furnished, a copy of such audit report to any Bondholder who shall request same in writing.

All expenses incurred in causing such audits to be made and copies distributed, shall constitute proper expenses of operating and maintaining the Project and shall be paid by the District as an expense of the Project in addition to the amounts otherwise required to be paid thereunder.

## **Amendments**

The District reserves the right, prior to the issuance of the Bonds, to amend the Bond Resolution as to the date, amount, maturities, redemption premiums and other provisions of the Bonds, consistent with market conditions and other pertinent factors at the time of such issuance.

The provisions of the Bond Resolution and of any authorized supplemental resolution entered into prior to the delivery and payment of the Bonds to the successful purchaser(s) shall constitute a contract between the District, the Paying Agent and the owners of any Bonds. No change in the provisions of the Bond Resolution or of any supplemental resolution shall be made in any manner except as herein provided until such time as all of the Bonds and the interest thereon have been paid in full; provided:

(a) the District may adopt a supplemental resolution for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any proceedings pertaining hereto, provided no change may be made which would impair the security or interests of the Bondholders in any way, without (1) the consent in writing of the original successful purchaser of the Bonds, if the Bonds have not yet been delivered or (2) the consent of 75% in amount of the owners of the outstanding Bonds, if the Bonds have been delivered; and

(b) the Holders of seventy-five percent (75%) in principal amount of the Bonds at any time outstanding shall have the right to consent to, and approve the adoption of resolutions, ordinances or other proceedings, modifying or amending any of the terms or provisions contained in the Bond Resolution; provided, however, that no such modifications or amendments shall be made which will permit: (1) an extension of the maturity of any Bond, or any parity bond, or (2) a reduction in the principal of any Bond, or any parity bonds, or the redemption premium or the rate of interest thereon, or (3) a preference or priority of any Bond or parity bond over any other bond or bonds, or (4) a reduction in the percentage of the aggregate principal amount of the Bonds required to consent to any modification or amendment, or (5) impair in any way the rights of the Holders of any Bond.

## **Events of Default and Remedies**

(a) *Events of Default.* The following shall be considered an “Event of Default” under the Bond Resolution:

(1) Failure to pay any installment of interest on the Bonds when the same becomes due and payable or within thirty (30) days thereafter (or within such period, shorter than thirty (30) days, if any, as may be permitted in the Bonds);

(2) Failure to pay the principal of, or premium, if any, on any Bond when due and payable, at maturity or on redemption; and

(3) Default by the District in the due or punctual performance or observance of any other covenants, pledges, conditions, provisions or agreements of the District contained in the Bond Resolution or in the Bonds, and the continuance thereof for a period of thirty (30) days; provided that if such default can be corrected but not within such thirty-day period, it will not constitute an Event of Default if corrective action is instituted by the District within such period and diligently pursued until the default no longer exists.

(b) *Enforcement of Remedies.* On the happening and continuance of any Event of Default, then and in every case any Bondholder, either at law or in equity, by suit, action, mandamus or other proceedings, may enforce and compel performance by the District and its officers and agents of all duties imposed under the Act, under other applicable law, if any, under the Bonds, and under the Bond Resolution, including the levying and collection of sufficient taxes and the application thereof to the payment of principal of and interest (and premium, if any) on the Bonds in accordance with the provisions of the Bond Resolution and the Bonds.

(c) *Notice of Default.* The Bond Registrar shall as promptly as practicable provide, to the District and the Bondholders, written or electronic notice of the occurrence of any Event of Default known to the Bond Registrar. The Bond Registrar shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by the Bond Resolution.

(d) *Delay or Omission.* No delay or omission of any Bondholder to exercise any right or power arising on any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy afforded by this Section and every additional power and remedy, if any, afforded by the terms of the Bonds to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Bondholders.

(e) *Waivers of Events of Default.* Any Bondholder may on behalf of such Holder waive any past default under the Bond Resolution or under the Bonds and the consequences thereof; and in case of any such waiver, the District, the Bond Registrar and such Bondholder shall be restored to their former positions and rights hereunder and under the Bonds respectively, but no such waiver shall extend to any subsequent or other default, or impair any right consequent thereon.

(f) *Termination of Proceedings.* If any Bondholder has proceeded to enforce any right due to any Event of Default and such proceedings have been discontinued or abandoned for any reason or have been determined adversely to the Bondholder, then and in every case the District, the Bond Registrar and the Bondholder shall, subject to any determination in such proceeding, be



restored to their former positions and rights hereunder, and all rights of such Bondholder shall continue as if no such proceedings had been taken.

(g) *Remedies Not Exclusive.* No remedy by the terms of the Bond Resolution or the Bonds conferred on or reserved to the Bondholders is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Bond Resolution as now or hereafter existing at law or in equity or by statute.

## **FUTURE INDEBTEDNESS**

The Board reserves the right and privilege of issuing or causing the issuance of future indebtedness (the “Future Indebtedness”) from time to time payable from the income and revenues of the District to fund school facilities and programs. Under Kentucky law, Future Indebtedness may be issued by the Board as general obligation bonds secured in the same manner as the Bonds or school improvement bonds approved pursuant to an election by the voters residing within the District (approval of two-thirds ( $\frac{2}{3}$ ) of those voting required). In the alternative, the Board may direct its agency and instrumentality, the Grayson County School District Finance Corporation (the “Finance Corporation”), to issue Future Indebtedness that will be secure by a lease agreement and annual lease revenues appropriated by and paid for by the Board.

KRS 66.041(2) provides that a taxing district, such as a school district, shall not incur “net indebtedness” to an amount exceeding two percent (2%) of the value of taxable property within the district, as estimated by the last certified assessment previous to the incurring of the indebtedness. “Net indebtedness” for these purposes is defined in KRS 66.011 to mean the principal amount of outstanding bonds, notes, commercial paper, and other instruments, if any, of the District to evidence an obligation to repay or guarantee the repayment of money borrowed, or to pay interest by, or to pay at any future time other money obligations, all as determined in accordance with KRS 66.031.

KRS 66.031(1) provides that, for purposes of KRS Chapter 66, the principal amount of outstanding bonds includes: (i) the payment or reimbursement requirements of the District under “credit enhancement facilities” (as defined in KRS 66.011) relating to the principal amount of outstanding indebtedness; (ii) the unpaid principal portion of all lease rental payments of tax-supported leases; (iii) the principal amount of obligations of any instrumentality of the District created for the purpose of financing projects which obligations are outstanding within the meaning of the mortgage, trust indenture, ordinance or resolution approving those obligations and which were issued prior to July 15, 1996, unless the obligations would constitute self-supporting obligations; and (iv) leases under KRS 65.940 to 65.956 entered into prior to July 15, 1996, unless the leases would constitute self-supporting obligations.

KRS 66.031(2) provides that, in calculating the net indebtedness of an issuer such as the District, none of the following obligations or bonds shall be considered: (i) obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations; (ii) obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal

year; (iii) obligations which are not self-supporting obligations, issued after July 15, 1996, by any instrumentality of the issuer created for the purpose of financing public projects for which there has been no pledge to the payment of “debt charges” (as defined in KRS 66.011) of any tax of the issuer or for which there is no covenant by the issuer to collect or levy a tax to pay such debt charges; (iv) self-supporting obligations and other obligations for which there has been no pledge to the payment of “debt charges” (as defined in KRS 66.011) of any tax of the issuer or for which there is no covenant by the issuer to collect or levy a tax to pay such debt charges; (v) obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year; (vi) leases entered into under KRS 65.940 to 65.956 which are not tax-supported leases; (vii) bonds issued in the case of an emergency, when the public health or safety should so require; and (viii) bonds issued to fund a “floating indebtedness” (as defined in KRS 66.011).

From the District's records, the value of the taxable property within the District, as of January 1, 2024, is \$2,047,935,938, 2% of which is \$40,958,718. The total amount of the District's net indebtedness, including the Bonds, does not exceed the borrowing limit and in fact is substantially less than the borrowing limit. *See Appendix E, “Audited Financial Statements of the Grayson County School District for the Period Ended June 30, 2024.”*

## **STATE SUPPORT FOR EDUCATION**

The Commonwealth funds its system of common schools through the Support Education Excellence in Kentucky (“SEEK”) funding formula which is a shared state and local funding mechanism that guarantees a certain minimum amount of per pupil funding for each school district, while at the same time providing incentives for districts to raise funds above that amount through additional local taxation. The SEEK program is a “tiered” system of three related components: the adjusted base guarantee, Tier I and Tier II.

### **Adjusted Base Guaranteed Funding Level**

KRS Section 157.360 guarantees a base funding level, as defined in KRS 157.320(2), which is a guaranteed amount of revenue per pupil to be available to each school district to be used for regular operating and capital expenditures. Pursuant to KRS 157.360, the base funding guaranteed to each school district is determined in each fiscal year by dividing the total annual state SEEK appropriation by the state-wide total of pupils in average daily attendance (“ADA”) in the preceding fiscal year. Each school district is guaranteed to receive an amount equal to the base funding level for each ADA pupil in the district in the previous year, adjusted by certain factors such as the number of at-risk and/or exceptional students located in the district, transportation costs, etc. (*See*, KRS 157.360(2) and 157.370; 702 Kentucky Administrative Regulations (“KAR”) 3:270, Section 2(4)). The statewide base guarantee, with these additions and adjustments, is the school district's adjusted base guarantee (*See*, 702 KAR 3:270 (SEEK funding formula), Section 2(4)(a)).

While the Commonwealth guarantees that each district will receive this minimum level of funding, the Commonwealth does not provide all the funds. Each district is required to provide a level of funding from local taxes (ad valorem property taxes and the permissive school taxes -

occupational license taxes, utility gross receipts license taxes, and/or excise taxes), and the “required local effort,” that is based upon the total assessed property value within the district (*See*, KRS 157.360(17) and 157.390(5)).

*Required Local Effort to Fund Adjusted Base Guarantee.* KRS 160.470(9) requires that each school district levy a “minimum equivalent tax rate” of \$0.30 per \$100 of assessed property value for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes (including ad valorem property taxes and the permissive school taxes) levied by the school district is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Department of Revenue (*See*, KRS 160.470(9) and 702 KAR 3:270, Section 1(8)). Each school district determines the amount of revenue that would be generated by the levy of a \$0.30 ad valorem tax rate. Once that amount is calculated, each school district must levy a \$0.30 ad valorem tax rate (or its equivalent) by raising that amount through ad valorem taxes on property and through the permissive school taxes. Each school district’s portion of the adjusted base guaranteed funding level, therefore, is the amount of all local taxes collected by the district that is equal to 0.30% of the total value of assessed property in the district. Revenue collected by a district above this required local effort is dealt with in the next tier of the SEEK formula. In levying the \$0.30 minimum equivalent tax rate, any annual increase in ad valorem taxes on real property beyond the 4% annual limitation is not subject to the recall provisions imposed by KRS 160.470(8).

*State Funding of the Adjusted Base Guarantee.* KRS 157.330 establishes the SEEK fund which is funded from biennial appropriations from the Kentucky General Assembly for distribution to school districts. The Commonwealth is required to provide from this fund that portion of each district’s adjusted base guarantee not funded by the required local effort. Each school district receives from the SEEK fund the district’s adjusted base guarantee less the amount of the local tax revenues generated for school purposes by the \$0.30 minimum equivalent tax rate (*See*, KRS 160.470; 702 KAR 3:270, Section 2(4)(b)).

In addition to the required local effort and the Commonwealth’s portion of the adjusted base guarantee, each school district has the option of generating additional revenues through additional local effort.

### **Tier I Funding Level**

KRS 157.440(1)(a) provides that each school district may levy an equivalent tax rate which will produce not only the required local effort but also up to an additional 15% of those revenues guaranteed by the SEEK program (known as “Tier I” funding) (*See*, 702 KAR 3:270, Section 2(5)). In levying this rate, any increase in ad valorem taxes on real property beyond the 4% annual limitation is not subject to the recall provisions imposed by KRS 160.470(8). Each school district participating in Tier I funding is eligible for state equalization funds if its assessed property value per pupil is less than 150% of the statewide average per pupil assessment. This eligibility ensures that districts which make a similar effort receive the same amount of Tier I revenue per student, regardless of the district’s property wealth. For example, if 150% of the statewide average per pupil assessment is \$400,000 and the actual local assessment is \$200,000 per pupil, the state pays

half, and the local district pays half of the equalized amount in excess of the required local effort. If the district per pupil assessment is \$400,000 or greater, there are no matching funds.

## **Tier II Funding Level**

KRS 157.440(2)(a) permits school districts to levy up to an additional 30% of those revenues guaranteed by the SEEK program plus the revenue produced by the 15% levy comprising the Tier I funding (known as “Tier II” funding). Districts are allowed to raise additional revenue up to 30% of the total adjusted base guarantee plus Tier I and, if levied, the FSPK Nickel (as defined below) (*See*, KRS 157.440(2)(a)). Revenues raised through local taxation (ad valorem property taxes and occupational license taxes, utility gross receipts license taxes or excise taxes) in excess of those counted against a district’s required local effort and Tier I efforts are deemed Tier II funds. There are no state funds involved in Tier II funding.

A school district seeking to levy taxes at a Tier II funding level cannot, without prior voter approval, levy a general property tax rate that exceeds the maximum rate that could have been levied on all property in the prior year (*See*, KRS 157.440(2)(a) and KRS 160.470(1)). To ensure equity of opportunity in Kentucky schools, no school district may provide funding in excess of Tier II funding. However, no school district is compelled to levy an equivalent tax rate lower than the rate levied in the 1989-1990 school year (*See*, KRS 157.440(1)(e)).

## **State and Local Funding for Capital Outlay and Facilities/Construction**

The Facilities Support Program of Kentucky (“FSPK”, also known as the Building Fund, School Facilities Construction Commission Funds, and SEEK Capital Outlay) provides state funding to meet the facility needs of school districts as shown on each district’s facility plan (KRS 157.611(1)).

*SEEK Capital Outlay.* KRS 157.390(3) and 157.420(4) establish a formula which results in an allocation of the biennial SEEK funds for capital expenditures in school districts at \$100 per ADA pupil which is included in the SEEK allotment (\$4,368) for the current biennium. The SEEK capital outlay is required to be segregated into a Capital Outlay Allotment Fund which may only be used for: (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above. These capital outlay funds are part of the state funded portion of the adjusted base guarantee.

*FSPK Nickel.* School districts must levy a minimum equivalent tax rate of \$0.05 per \$100 of property assessment to participate in the FSPK program (the “FSPK Nickel”) (*See*, KRS 157.440(1)(b) and 157.620(1)). If the funds from the FSPK Nickel levy are committed to debt service, the FSPK provides equalized funding for school systems at 150% of the statewide average per pupil assessment. This FSPK Nickel is in addition to the \$0.30 minimum local effort required for SEEK. In levying this rate, any increase in ad valorem taxes on real property beyond the 4% annual limitation is not subject to the recall provisions imposed by KRS 160.470(8) (*See*, KRS 157.440(1)(d)).

*Growth Nickels.* Before 2008, KRS 157.621 allowed certain growth districts to levy an additional equivalent tax rate of \$0.05 per \$100 of property assessment for debt service and new facilities. KRS 157.621 contained a sunset provision that caused this original growth district nickel to expire. Nevertheless, the General Assembly in subsequent biennial budgets has authorized growth districts to levy additional growth nickel levies. The 2008 General Assembly amended KRS 157.621 to authorize school districts that levied growth nickels in prior years based on budget language to continue to levy those nickels in future years.

## **STATE INTERCEPT**

If the Board fails to make a debt service payment on the Bonds ,when due, upon notification to the Department of Education by the Paying Agent not less than three (3) days prior to the Interest Payment Date, the Department of Education shall withhold or intercept any funds then due the Board to the extent of the amount of the required payment on the Bonds and remit the amount to the Paying Agent. Thereafter, the Department of Education shall resolve the matter with the Board and adjust remittances to the Board to the extent of the amount paid by the Department of Education on the Board's behalf.

## **KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION**

The Kentucky Department of Education exercises certain supervision of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditures and the annual approval of an operating budget as a prerequisite to such operation. All local boards who have issued or entered into contracts for the issuance of bonds must arrange for insurance protection in an amount equal to the full insurable value of the buildings or to the continuous retention of such insurance. This Kentucky Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky's record of no defaults in payment of bonds issued for school purposes.

Kentucky law requires that annual budgets of local school boards provide for debt service payments for such budgets to be approved by the Kentucky Department of Education. The Kentucky Department of Education has adopted a policy that requires annual budgets of local school boards provide for rental payments for debt service for such budgets to be approved by the Kentucky Department of Education.

## **GRAYSON COUNTY SCHOOL DISTRICT REVENUE SOURCES**

### **Capital Outlay Allotment**

The Commonwealth's Minimum Foundation Program provides for annual payments to all school districts for capital construction or acquisition. Funds from the Capital Outlay Allotment are not directly pledged for debt service on the Bonds, but as a practical matter, and to the extent needed, have been, and it is expected will continue to be, applied to debt service through rental payments on lease agreements.

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

Total Capital Outlay Allotment funds allocated to the District for the most recent five years are shown in Appendix A.

### **General Property and Motor Vehicle Tax**

The Board levies a tax on \$100 of valuation on real estate, personal property and motor vehicles in the District. See Appendix A for the most recent five-year period of tax rates assessed and receipts.

### **FSPK Program**

The FSPK Program provides funds for school districts to support debt service and capital expenditures. The amount of FSPK funds each district receives is based on a funding formula that takes into consideration a district's average daily attendance and the amount of local revenue generated on a district's tax base relative to a statewide average assessment. See Appendix A for the District's funds from the FSPK Program for the most recent five-year period.

### **Recallable Nickel**

Pursuant to KRS 160.470 and KRS 132.017, on May 8, 2023, the Board adopted and levied a \$.05 real and tangible property increase for debt service and for new school facilities. No opposition to the tax occurred at a public hearing and no petition was filed for recall after passage. The increase generates an additional \$1,023,968 in local revenue based on the 2024-25 assessments.

### **Summary of General Fund**

The District maintains its books and records on the modified accrual basis method of accounting as prescribed by the Kentucky Department of Education for local school districts. The following table summarizes, on a modified accrual basis, the General Fund activity based on the District's annual financial reports for recent fiscal years and budgeted revenues and expenditures for the current fiscal year.

Description	Working Budget	Actual		
	2024-25 <sup>(1)</sup>	2023-24	2023-22	2022-21
Beginning Balance	<u>\$13,574,379</u>	<u>\$11,859,026</u>	<u>\$11,812,952</u>	<u>\$11,089,249</u>
Revenues:				
Local Sources	11,800,100	11,613,078	10,487,432	9,877,295
State Sources	18,595,614	28,196,660	30,446,090	27,068,182
Federal Sources	200,000	297,597	254,243	294,295
Sale of Property, Reimbursements, etc.	5,000	12,670	10,520	13,002
Transfers, Clearing Accts and Other	160,000	156,981	-	-
Total Revenues	<u>\$30,760,714</u>	<u>\$40,276,986</u>	<u>\$41,198,285</u>	<u>\$37,252,774</u>
Total of All Receipts Plus Beginning Balance	<u>\$44,335,093</u>	<u>\$52,136,012</u>	<u>\$53,011,237</u>	<u>\$48,342,023</u>
Expenditures:				
Total Current Expenses	\$44,301,944	\$37,827,973	\$39,205,761	\$35,829,106
Advancements, Loans & Transfers, etc.	33,149	1,541,663	1,379,268	745,252
Total Expenditures	<u>\$44,335,093</u>	<u>\$39,369,636</u>	<u>\$40,585,029</u>	<u>\$36,574,358</u>
Ending Balance	<u>\$ 0</u>	<u>\$12,766,376</u>	<u>\$12,426,208</u>	<u>\$11,767,665</u>

Source: Grayson County School District

<sup>(1)</sup>Based on the FY25 Working Budget

## Utility Tax

The Board levies a 3% utility gross receipts license tax (for school purposes) on the gross receipts derived from the furnishing, within Grayson County, of communications services, electric power, water and natural, artificial and mixed gas, subject to certain exemptions. Once levied, the tax remains in effect from year to year unless and until the Board requests its discontinuance. See Appendix A for a history of rates levied.

## SEEK Program Fund

The SEEK Program Fund allocates biennial appropriations from the General Assembly to each Kentucky school district. The base level is determined for each fiscal year by dividing the total SEEK appropriation by the statewide total of pupils in average daily attendance. Each district's share of the SEEK Program is subject to adjustment to reflect several factors. See "STATE SUPPORT FOR EDUCATION" for more details. See Appendix A for a recent history of the SEEK Program Fund appropriations to the District.

## STATE AND LOCAL TAX LIMITATIONS

### Homestead Exemption

Section 170 of the Kentucky Constitution was amended by the voters of the Commonwealth at the General Election held December 2, 1971, to exempt from property taxes the first \$6,500 of single-unit residential property of taxpayers 65 years of age or older. Following that election, the 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues through increases in taxes on non-exempt property by amounts equivalent to the revenues lost through application of this homestead exemption. In subsequent sessions of the General Assembly the “single-unit” qualification has been enlarged so as to provide for the 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; and that the \$6,500 exemption “shall be construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost-of-living index of the U.S. Department of Labor has changed as much as one (1) percent, the maximum exemption shall be adjusted accordingly.” The local general property tax rate on non-exempt property has been adjusted to recover tax revenues equivalent to the revenues lost through application of the homestead exemption. The amount of the individual exemption as of January 1, 2025 was \$49,100.

### General Limitations on Taxation

*Ad Valorem Property Taxation.* KRS 160.460 requires each school district to levy annually an ad valorem tax on all property within the district “within the limits prescribed in KRS 160.470” for general school purposes. KRS 160.476 authorizes each board of education to restrict between \$0.04 and \$0.20 of the general tax rate to be used for building purposes, which funds are to be placed in a school building fund to fund the acquisition, construction and/or renovation of school buildings and facilities. The portion of a school district’s general tax rate committed to its building fund “shall come within the maximum school tax levy provided by KRS 160.470.”

KRS 160.470 provides three limitations on each school district’s general property tax rate. First, KRS 160.470(2) and (7) provide that each school district may not levy a general tax rate that will increase real property tax revenue from that received in the prior year without providing public notice and holding a public hearing. Second, KRS 160.470(8) provides that a school district seeking to levy a property tax rate that will increase revenue from real property by more than 4% from the prior year must provide additional public notice that the excess rate is subject to voter recall. KRS 132.017 provides that ten percent of the voters can petition that the increase above 4% be put to a recall vote. Third, KRS 160.470(1) and (9) prohibit a school district from levying a general property tax rate that exceeds the maximum rate that could have been levied on all property in the prior year (the “Subsection (1) Tax Rate”) without prior voter approval.

A school district can levy a general tax rate in excess of the Subsection (1) Tax Rate only under three circumstances: (1) to the extent necessary to levy the \$0.30 equivalent tax rate for the required local effort (KRS 160.470(9)(a)); (2) to the extent necessary to levy taxes to obtain full



Tier I funding (KRS 157.440(1)(a)); and (3) with voter approval in accordance with the provisions of KRS 157.440(2)(a).

KRS 160.473 provides limitations on the levy of each school district's ad valorem tax rate on personal property, in addition to those governing the setting of the general tax rate.

*Permissive Taxation.* KRS 160.593 authorizes each school district to levy up to three permissive taxes in addition to ad valorem taxes. Permissive taxes consist of (i) utility gross receipts license taxes, (ii) occupational license taxes, and (iii) excise taxes. Before a school district can levy any of these permissive taxes, it must give public notice of its proposed levy and conduct a public hearing to explain the reason for the tax and to hear comments and complaints regarding the proposed levy (*See*, KRS 160.603). The levy of any of the permissive taxes is subject to petition and recall by the qualified voters in the school district (*See*, KRS 160.597). Once levied, a permissive tax remains in effect until the district reduces the rate (*See*, KRS 160.635).

Utility gross receipts license tax for schools. KRS 160.613 authorizes a utility gross receipts license tax for schools not to exceed 3% of the gross receipts derived from the furnishing of communications services, electric power, water, and natural, artificial and mixed gas. Amounts received for utilities that are resold are exempt. There also is a limited exemption for energy or energy-producing fuels used while manufacturing or industrial processing. KRS 160.614 added the gross receipts derived from the sale of cable television and direct satellite television to the class of utilities subject to the utility tax.

Occupational license tax for schools. KRS 160.605 authorizes the levy of an occupational license tax for schools on: (1) the salaries or wages of residents of the District for work done in a county; and (2) the net profits of all businesses, professions, or occupations from activities conducted in a county. Exempted from the tax are public service companies that pay an ad valorem tax, insurance companies, banks, trust companies, savings and loan associations, and income received by members of the Kentucky National Guard for training. The occupational tax rate cannot exceed 0.5% and must be a single uniform rate. Any county with 300,000 or more residents is authorized to levy a rate not to exceed 0.75% (KRS 160.607).

Excise tax for schools. KRS 160.621 authorizes an excise tax for schools not to exceed 20% of a county resident's state individual income tax liability.

## **EMPLOYEE PENSIONS**

The Board's employees receive retirement and other benefits through either the Kentucky Teachers Retirement System ("KTRS") or Kentucky's County Employee Retirement System ("CERS"). The Board does not fund benefits provided to its "certified" full-time employees pursuant to KTRS. Those benefits are funded using employee contributions and contributions by the Commonwealth. The Board does fund a portion of the benefits provided to its non-"certified" full-time employees under CERS, as further discussed below.

## **KTRS**

The Board's "certified" full-time employees are covered by the Kentucky Teachers' Retirement System ("KTRS"), a cost-sharing multiple-employer defined benefit plan. KTRS provides retirement, death and disability benefits to Plan members. Cost of living increases are 1.5% annually. Any benefit amendments must be authorized by the Kentucky General Assembly.

Plan members are required to contribute a percentage of their annual covered compensation. The Commonwealth provides matching contributions as required by KRS 165.540 and 161.550. The payments made by the Commonwealth on behalf of the District's certified employees, amounting to \$4,980,510 are reflected in the accompanying financial statements as both revenues and expenses/expenditures. The Commonwealth of Kentucky requires payments for federally funded employees to be made by such federal funds. For a detailed description of the District's participation in KTRS see Appendix E.

KTRS issues a publicly available financial report that includes financial statements and required supplementary information on the Plan. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601.

## **CERS**

The Board's non-"certified" full-time employees are considered classified employees (substantially all full-time District employees other than certified employees) and are covered by and participate in CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth. CERS provides retirement, death and disability benefits to plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the Kentucky General Assembly.

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. Plan members are required to contribute a percentage of their annual covered compensation and the District is required to contribute at an actuarially determined rate. The contribution requirements of Plan members and the District are established and may be amended by the Kentucky Retirement System's Board of Trustees. For a summary of the District's contributions and its liabilities to CERS see Appendix E.

The Kentucky General Assembly approves and provides any cost-of-living adjustments that are made for CERS participants.

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 by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

## CERTAIN RISKS ASSOCIATED WITH THE BONDS

*The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. Such discussion is not, and is not intended to be, 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 risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete Bond Resolution summarized herein, a copy of which are available as described herein.*

1. *Limitation on Enforcement of Remedies.* Enforcement of the remedies under the Bond Resolution may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Bonds relating to enforceability contain an exception relating to the limitations that may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principles of equity.

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

3. *Additional Debt.* The District may from time to time issue additional general obligation bonds and/or notes. Such issuances of general obligation bonds or notes would increase debt service requirements and could adversely affect debt service coverage on the Bonds. See “SECURITY AND SOURCES OF PAYMENT”.

4. *Construction Risk.* Construction and development activities are subject to the usual risks associated with such projects, including, but not limited to, delays in the issuance of required permits or other necessary approvals, strikes, shortages of materials, adverse subsurface conditions and adverse weather conditions.

5. *General Economic Conditions.* Adverse general economic conditions may result in, among other adverse circumstances, reduction in occupational license fee and general tax revenues or declines in investment portfolio values, resulting in increased funding requirements that could negatively impact the results of operations and the overall financial condition of the District.

6. *Tax-Exempt Status of the Bonds.* The tax-exempt status of the Bonds (hereinafter collectively referred to as the “Tax Advantaged Bonds”) is based on the continued compliance by the District and users of property financed or refinanced with proceeds of the Tax Advantaged Bonds with certain covenants relating generally to the use of the facilities financed or refinanced with the proceeds of such Tax Advantaged Bonds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants with respect

to the Tax Advantaged Bonds could cause interest on the Tax Advantaged Bonds to become subject to federal income taxation retroactive to the original date of issue of the Tax Advantaged Bonds. In such event, an event of default of the covenants of the Bond Resolution may have occurred and the Tax Advantaged Bonds are subject to redemption solely as a consequence thereof, and the principal thereof may be accelerated by the Paying Agent. No additional interest or penalty is payable in the event of the taxability of interest on the Tax Advantaged Bonds. See “TAX EXEMPTION”.

7. *Bond Ratings.* There is no assurance that the ratings assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and marketability of, the Bonds. See “RATINGS” herein.

8. *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 the Bonds purchased should they need or wish to do so for emergency or other purposes.

9. *Opinions of Legal Counsel.* The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by the valid exercise of the constitutional powers of the Commonwealth of Kentucky and the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **LITIGATION**

To the best of the knowledge of the Board, there is no controversy or litigation of any nature now pending or threatened (i) restraining or enjoining the issuance, sale, execution, or delivery of the Bonds; (ii) in any way contesting or affecting the validity of the Bonds or any proceedings of the Board taken with respect to the issuance of sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or the due existence or powers of the Board; or (iii) which, if successful, would have a material adverse effect on the financial condition of the Board or District.

The Board will deliver a certificate at closing to the effect that there is no action, suit or proceedings known to be pending or threatened restraining or enjoining the execution or delivery of the Bonds or the Bond Resolution or in any way contesting or affecting the validity of the foregoing.

## **TAX EXEMPTION**

### **General**

In the opinion of Bond Counsel, based upon certain covenants, representations, and certifications of the Board, which Bond Counsel has not independently verified, and assuming continuing compliance therewith, as set forth below, the interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and, is not a specific preference for purposes of the federal alternative minimum tax; provided, however, such interest is taken into account in determining the average annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

The Board is required by the Internal Revenue Code of 1986, as amended (the “Code”) to comply on an ongoing basis with certain obligations in order for the interest on the Bonds to be and remain excludable from gross income for federal income tax purposes. Failure to meet those obligations could result in the interest on the Bonds becoming subject to federal income taxation, retroactive to the date of the Bonds. The Board has covenanted to comply with all such obligations.

In order to assure the purchasers of the Bonds that interest thereon will continue to be excludable from gross income for federal income tax purposes (subject to certain exceptions set out below), the Board has covenanted in the Bond Resolution that (1) the District will take all actions necessary to comply with the provisions of the Code, (2) the District will take no actions which will violate any of the provisions of the Code, or that would cause the Bonds to become “private activity bonds” within the meaning of the Code, (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become subject to federal income taxation, and (4) the District will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds. Reference is made to Appendix F, Form of Bond Counsel Opinion.

Bond Counsel has reviewed the Official Statement with regard to all matters pertaining to the legality and tax exemption of the Bonds, including statements concerning the authority, purpose and security of such Bonds; but Bond Counsel has not reviewed any of the financial statements or calculations, such as debt service requirements, budget estimates, enrollment, capital outlay, estimated revenues, expenditures or other financial information in the Official Statement, and expresses no opinion thereon or assumes any responsibility in connection therewith.

### **Certain Federal Income Tax Consequences**

The following is a discussion of certain federal tax matters under the Code. This discussion does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondholders. Prospective Bondholders, particularly those who may be subject to special rules, are

advised to consult their own tax advisor regarding potential consequences arising under the laws of any state or other taxing jurisdiction.

*Alternative Minimum Tax.* Interest on the Bonds is not a separate tax preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the average annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations.

*Borrowed Funds.* The Code provides that interest paid on funds borrowed to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purposes of purchasing or when carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchases of such obligations.

*Property and Casualty Insurance Companies.* The deduction for loss reserves for property and casualty insurance companies is reduced by 15% of the sum of certain items, including the interest received on tax-exempt bonds, such as the Bonds.

*Social Security and Railroad Retirement Benefits.* The Code also requires recipients of certain Social Security or a Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest that is exempt from federal income tax.

*Branch Profits Tax.* Certain foreign corporations doing business in the United States may be subject to a branch profits tax on their effectively connected earnings and profits, including tax-exempt interest on obligations such as the Bonds.

*S Corporations.* Certain S corporations that have subchapter C earnings and profits at the close of a taxable year and gross receipts more than 25% of which are passive investment income, which includes interest on tax-exempt obligations, such as the Bonds, may be subject to a tax on excess net passive income.

Prior to any purchase of the Bonds, prospective purchasers of the Bonds are advised to consult their own tax advisors as to the impact of the Code upon their acquisition, holding or disposition of the Bonds.

## **Kentucky Tax Exemption**

Under present law, the Bonds are exempt from ad valorem taxation and interest thereon is exempt from income taxation by the Commonwealth of Kentucky and any political subdivisions thereof.

## **Original Issue Discount**

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

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.

## **Original Issue Premium**

The Bonds or a portion thereof (“Premium Bonds”) may be offered and sold to the public at a premium (“Acquisition Premium”) from the amounts payable at maturity thereon. Acquisition Premium is the excess of the cost of a bond over the stated redemption price of such bond. For federal income tax purposes, the amount of Acquisition Premium on the Premium Bonds must be amortized and will reduce the holder’s adjusted basis in that Premium Bond. However, no amount of amortized Acquisition Premium on the Premium Bonds may be deducted in determining their bondholder’s taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds that must be amortized during any period will be based on the “constant yield” method, using the original bondholder’s basis in such Premium Bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

In addition, for any Premium Bonds that are callable prior to their stated maturity, the required amortization period for the Acquisition Premium will depend on which call date produces the greatest diminution in the yield to the holder. For any Premium Bonds not callable prior to their stated maturity date, the amortization period will end on the stated maturity date.

Holders of any Premium Bonds, both original purchasers and any subsequent purchasers, should consult their own tax advisors as to the actual effect of any Acquisition Premium with respect to their own federal income tax situation and as to the treatment of the Acquisition Premium for state tax purposes.

### **Future Tax Legislation**

Proposed, pending or future tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the interest on the Bonds subsequent to their issuance. Future legislation could directly or indirectly reduce or eliminate the value of certain deductions and exclusions, including the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of interest on the Bonds from Kentucky taxation. Any such proposed legislation, actions or decisions, whether or not enacted, taken or rendered, could also adversely affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the forgoing matters.

### **Other Tax Matters**

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted if the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Board as a taxpayer and the holders of the Bonds may have no right to participate in such proceedings. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

The opinion of Bond Counsel will be based on current legal authorities and cover certain matters not directly addressed by such authorities and represent the judgment of Bond Counsel concerning the proper treatment of the Bonds for federal income tax purposes. The opinion of Bond Counsel will not be binding on the Service, state taxing authorities, or the courts, and will not be a guarantee of federal tax treatment described therein.

Furthermore, Bond Counsel cannot give and have not given any opinion or assurance about the future activities of the Board or the District, the effect of changes to the Code and applicable regulations, state or local law, the interpretation thereof or the enforcement thereof by the Service or state taxing authorities.



## **BANK QUALIFICATION**

The Code provides for the disallowance of any deduction for interest expenses incurred by banks and certain other financial institutions attributable to carrying certain tax-exempt obligations, such as the Bonds, acquired after August 7, 1986, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code). The Bonds are eligible for such limited exception and are considered “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization and validity of the Bonds will be the subject of approving opinion of Rubin & Hays, Louisville, Kentucky, Bond Counsel, which will be available at the time of delivery of the Bonds. Reference is made to Appendix F, Form of Bond Counsel Opinion.

The information contained in this Official Statement under the headings “THE BOARD AND THE DISTRICT,” “THE BONDS,” “SECURITY AND SOURCE OF PAYMENT,” “THE BOND RESOLUTION,” “ADDITIONAL BONDS,” “STATE INTERCEPT,” “STATE AND LOCAL TAX LIMITATIONS,” “TAX EXEMPTION” and “DISCLOSURE COMPLIANCE” has been reviewed by Bond Counsel to determine that such information conforms in substance to the proceedings and laws relating to the issuance of the Bonds that are summarized in such information (see “REFERENCE TO DOCUMENTS” hereinafter); but Bond Counsel have not undertaken to review the accuracy or completeness of statements and data otherwise contained in this Official Statement, including the Appendices, and express no opinion thereon and assume no responsibility in connection therewith.

## **DISCLOSURE COMPLIANCE**

The Board will agree in a Continuing Disclosure Agreement for the Bonds dated as of the date of issuance of such issue of Bonds (the “Continuing Disclosure Agreement”) to file or to cause to be filed, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, as amended, and official interpretations thereof (the “Rule”), the following:

(i) with the Municipal Securities Rulemaking Board (the “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, generally consistent with the financial information and operating data contained in Appendix A hereof, together with audited financial statements. Such information is expected to be available on or before 180 days after the end of each fiscal year ending on the preceding June 30 and will be made available, in addition to the MSRB, to each holder of the Bonds who makes written request for such information; provided that audited

financial statements, if not available 180 days after the end of the fiscal year for each year, will be filed when available.

The audited financial statements and other financial statements will be prepared on a basis of accounting prescribed by the Kentucky Department of Education from time to time. The records of the Board are maintained and the budgetary process is based on the modified accrual basis of accounting. The Board maintains its accounting records generally in accordance with the principles of “fund” accounting. Financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”), although the Board’s budgetary process accounts for certain transactions on a basis other than GAAP. Reference is made to the notes on the Board’s audited financial statements for a detailed description of the accounting principles pursuant to which the Board’s financial statements will be prepared;

(ii) with the MSRB through EMMA, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten business days after the occurrence of such event: (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 Bonds, or other material events affecting the tax status of the Bonds, (g) modifications to rights of holders of Bonds, if material, (h) Bond calls, if material, and tender offers, (i) defeasances, (j) release, substitution or sale of property securing repayment of the Bonds, if material, (k) rating changes, (l) bankruptcy, insolvency, receivership or similar event of the District or the Board, (m) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, 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 a trustee, if material, (o) incurrence of a financial obligation of the District or the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or the Board, any of which affect Bondholders, if material; and/or (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or the Board, any of which reflect financial difficulties; provided that the Board, as the case may be, may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of such entity, any such other event is material with respect to the Bonds; but the Board does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above; and

(iii) in a timely manner, with the MSRB through EMMA, notice of a failure by the Board to file the required financial information on or before the date specified in its Continuing Disclosure Agreement.

The Board reserves the right to modify from time to time the specific types of information filed or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Board, provided that the Board agrees that any such modification will be done in a manner consistent with the Rule. The Board reserves the right to terminate its obligation to file annual financial information and notices of material events as set forth above, if and when the Board no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Board acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders (including Beneficial Owners) of the Bonds and shall be enforceable by any holder of the Bonds, provided that a Bondholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Board's obligations pursuant to the provisions of this undertaking, and any failure by the Board to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under the Bond Resolution.

The Board has complied in all material respects with their previous undertakings under the Rule for the last five years. The Board has undertaken written procedures to ensure timely filings. These procedures are outlined in the Continuing Disclosure Agreement (see Appendix G, Continuing Disclosure Agreement).

Purchase of the Bonds shall be conditioned upon the receipt by the initial purchaser of the Bonds, at or prior to the delivery of the Bonds, of evidence that the Board has made the continuing disclosure undertaking described above, in the form of Continuing Disclosure Agreement, for the benefit of the holders of the Bonds.

## **RATINGS**

The Bonds have been assigned ratings of "Aa3" underlying rating and "Aa3" enhanced rating by Moody's Investors Service, Inc. ("Moody's"). Any explanation of the significance of such ratings may be obtained only from Moody's. The Board furnished Moody's certain information and materials about the Bonds and themselves. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by Moody's. Any downward change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then

such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Bonds.

### **FINANCIAL ADVISOR**

Robert W. Baird & Co. Incorporated (“Baird”), Louisville, Kentucky, has acted as Financial Advisor to the Board in connection with the issuance of the Bonds and will receive a fee, payable from bond proceeds, for their services as Financial Advisor, contingent upon the issuance and sale of the Bonds. In this capacity, Baird has compiled certain data relating to the Bonds that is contained in this Official Statement. Baird is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Baird is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

### **UNDERWRITING**

The Bonds are being purchased by \_\_\_\_\_ (the “Underwriter”) pursuant to a public bid submitted to the Board. The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_, which represents the aggregate principal amount of the Bonds, plus the original issue premium, less original issue discount, less the Underwriter’s discount. The Bonds are offered for sale to the public at the initial prices stated on the cover page of this Official Statement. The initial public offering prices set forth on the cover page may be changed at any time by the Underwriter. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public.

### **REFERENCE TO DOCUMENTS**

All foregoing summaries and descriptions of provisions set forth in the Bond Resolution, the Continuing Disclosure Agreement and related documents, and all references to other documents and materials not purported to be quoted in full, are brief outlines of certain provisions of such documents, reference to which documents is hereby made and copies of which will be furnished by the Board upon written request.

### **MISCELLANEOUS**

Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Bonds. This Official Statement has been duly approved and delivered by the Board.

### **BOARD OF EDUCATION OF GRAYSON COUNTY, KENTUCKY**

By: /s/ Brett Abney  
Chairperson

By: /s/ Doug Robinson  
Superintendent and Secretary

**APPENDIX A**

**GRAYSON COUNTY SCHOOL DISTRICT**

---

**Tax Base and Operating Data**

***[This page intentionally left blank]***

## TAX BASE AND OPERATING DATA

### Local Tax Rates, Property Assessment and Revenue Collections

#### Local Tax Rates

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Motor Vehicle</u>	<u>Utility Tax</u>
2024-25	\$.569	\$.586	\$.463	3%
2023-24	.584	.584	.463	3%
2022-23	.525	.528	.463	3%
2021-22	.526	.526	.463	3%
2020-21	.526	.526	.463	3%

#### Property Assessment

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Franchise</u>	<u>Motor Vehicle</u>	<u>Total Assessments</u>
2024-25	\$1,559,544,061	\$119,696,373	\$98,405,852	\$270,289,652	\$2,047,935,938
2023-24	1,437,087,193	119,530,594	89,257,622	266,785,211	1,912,660,620
2022-23	1,354,052,720	106,372,618	78,964,561	230,744,198	1,770,134,097
2021-22	1,257,647,720	98,532,036	80,046,669	209,114,278	1,645,340,703
2020-21	1,201,948,608	107,009,222	77,108,790	202,874,319	1,588,940,939

#### Revenue Collections <sup>(1)</sup>

<u>Fiscal Year</u>	<u>Taxes Budgeted</u>	<u>Taxes Collected</u>	<u>Percent Budgeted vs. Collected</u>
2024-25 <sup>(2)</sup>	\$11,613,600	n/a	n/a
2023-24	9,025,000	\$10,529,162	117.0%
2022-23	8,332,670	9,035,600	108.4
2021-22	7,843,239	8,603,129	109.7
2020-21	7,607,500	8,304,610	109.1

<sup>(1)</sup> Ad Valorem

<sup>(2)</sup> Based on estimates from 2024-25 Working Budget

### Capital Outlay, SEEK, and FSPK Funding

<u>Fiscal Year</u>	<u>Capital Outlay</u>	<u>SEEK</u>	<u>FSPK</u>
2024-25 <sup>(1)</sup>	\$361,825	\$18,850,607	\$1,584,497
2023-24	374,548	17,935,109	946,374
2022-23	382,560	18,155,812	1,058,338
2021-22	382,560	17,466,688	929,454
2020-21	368,322	16,090,864	892,445

<sup>(1)</sup> Based on estimates from 2024-25 Working Budget

### History of Enrollment and ADA

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Average Daily Attendance</u>
2024-25 (est.)	3,840	3,531.6
2023-24	3,812	3,538.1
2022-23	3,881	3,561.8
2021-22*	4,155	3,825.6
2020-21*	4,155	3,683.2

\* Enrollment/ADA based on FY 2018-19 due to NTI

Source: Grayson County School District

***[This page intentionally left blank]***



**APPENDIX B**

**GRAYSON COUNTY SCHOOL DISTRICT**

---

**Outstanding Bonds of the Board and the District**

***[This page intentionally left blank]***

**GRAYSON COUNTY SCHOOL DISTRICT  
OUTSTANDING SCHOOL BUILDING REVENUE BONDS  
AS OF JANUARY 1, 2025**

**PAYABLE FROM LOCAL REVENUES**

<b>Issue of</b>	<b>Original Issue Amount</b>	<b>Bonds Retired or Defeased</b>	<b>Bonds Outstanding</b>
June 2, 2011A <sup>(1)</sup>	\$ 1,920,000	\$ 1,428,528	\$ 491,472
October 22, 2013	4,198,478	21,366	4,177,112
July 7, 2015	603,450	111,010	492,440
June 15, 2016	7,727,473	2,346,896	5,380,577
September 26, 2017	2,710,000	1,420,000	1,290,000
June 27, 2018	833,223	12,196	821,027
April 23, 2020	1,065,000	40,000	1,025,000
May 12, 2022	2,202,615	9,774	2,192,841
June 29, 2023	4,245,000	15,000	4,230,000
Subtotal	\$ 25,505,239	\$ 5,404,770	\$ 20,100,469

**PAYABLE FROM NON-LOCAL REVENUES <sup>(2)</sup>**

<b>Issue of</b>	<b>Original Issue Amount</b>	<b>Bonds Retired or Defeased</b>	<b>Bonds Outstanding</b>
October 22, 2013	\$ 1,671,522	\$ 803,634	\$ 867,888
July 7, 2015	576,550	223,990	352,560
June 15, 2016	1,077,527	528,104	549,423
June 27, 2018	611,777	147,804	463,973
May 12, 2022	857,385	60,226	797,159
Subtotal	\$ 4,794,761	\$ 1,763,758	\$ 3,031,003
Total	\$ 30,300,000	\$ 7,168,528	\$ 23,131,472

(1) The Series 2011A Qualified Zone Academy Bonds ("QZABs") were issued with a bullet maturity of \$1,920,000 due on June 1, 2026. An invested sinking fund was established, into which annual principal sinking fund deposits are made. Earnings plus the annual principal deposits will be sufficient to retire the QZABs at maturity. Bonds retired represents sinking fund payments made to-date plus interest earnings accumulated in the sinking fund.

(2) Represents bonds payable by the School Facilities Construction Commission subject to biennial appropriations by the Kentucky General Assembly.

Source: Grayson County School District

***[This page intentionally left blank]***

## **APPENDIX C**

### **GRAYSON COUNTY SCHOOL DISTRICT**

---

#### **Demographic and Economic Data**

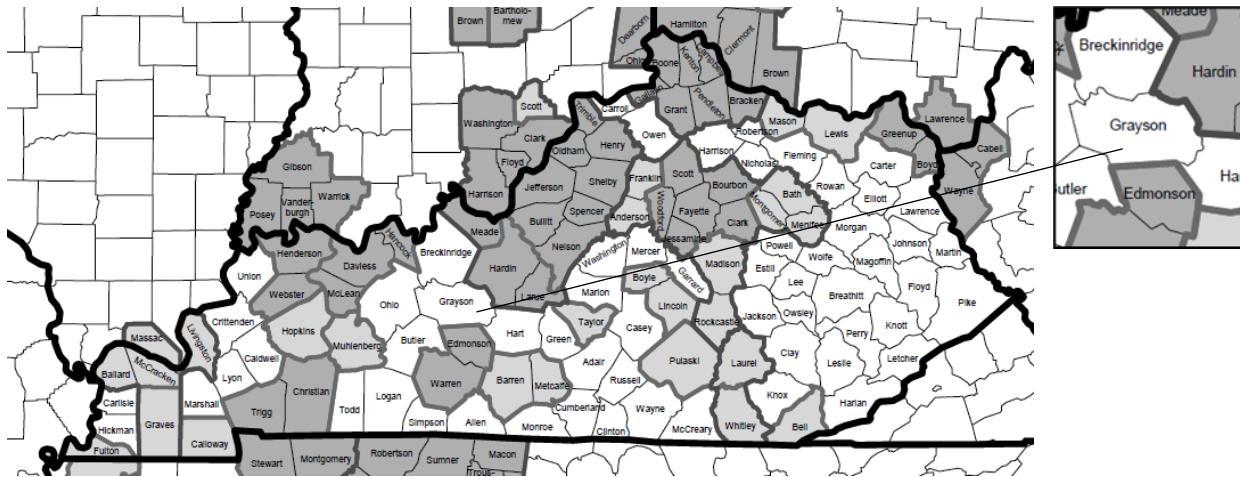
***[This page intentionally left blank]***

## GRAYSON COUNTY, KENTUCKY

Grayson County, with a land area of 503 square miles, is characterized by flat-topped, sandstone-capped ridges. Grayson County had an estimated 2024 population of 27,007.

Leitchfield, the county seat of Grayson County, is situated near the eastern edge of the Western Kentucky Coal Field Region. Leitchfield is located 77 miles southwest of Louisville, Kentucky; 129 miles north of Nashville, Tennessee; and 268 miles east of St. Louis, Missouri. Leitchfield the county seat of Grayson County, had an estimated 2024 population of 6,480.

In the map below, the dark grey-shaded areas denote metropolitan statistical areas, while the light grey areas denote micropolitan statistical areas.



### Labor Supply

As of December 2024, there is a current estimated labor supply of 169,115 persons available in the labor market area, which is defined as all counties that substantially fall within a 60-minute drive of Leitchfield and includes Breckinridge, Hardin, Bullitt, Nelson, LaRue, Hart, Edmonson, Butler and Ohio counties.

### Education

The Grayson County School System provides primary and secondary education to the County. There are over 26 four-year institutions of higher learning located within sixty miles of Leitchfield.

### Transportation

Leitchfield is served by the Western Kentucky Parkway and US 62, both AAA-rated trucking highways; and Kentucky 259, an AA-rated trucking highway. Seventeen common carriers provide interstate and/or intrastate service to Grayson County. The Paducah and Louisville Railway provides rail freight service to Leitchfield. The nearest scheduled commercial airline service is available at the Louisville International Airport in Louisville, 72 miles northeast of Leitchfield. The Leitchfield-Grayson County Airport, five miles southeast of Leitchfield, maintains a 4,000-foot paved runway. Rough River Dam State Resort Park also provides a 3,200-foot paved, lighted airstrip with tie-downs and aviation fuel. The airstrip is 18 miles northwest of Leitchfield.

### Power and Fuel

Grayson County is provided electric power by Meade County Rural Electric Cooperative Corporation, which is supplied by Big Rivers Electric Corporation. Leitchfield Utilities provides natural gas to Grayson County.

**Grayson County, Kentucky  
Economic Statistics  
2020 - 2024**

<u>Year</u>	<u>Per Capita Income</u> (1)	<u>Median Household Income</u> (1)	<u>Average Weekly Wage</u> (2)	<u>Employment</u> (3)	<u>Civilian Labor Force</u> (3)	<u>Unemployment Rate</u> (3)
2024			\$847.00	9,841	10,454	5.9%
2023	\$43,794	\$54,543	822.00	9,797	10,268	4.6%
2022	42,159	52,130	770.00	9,878	10,366	4.7%
2021	42,107	45,695	744.00	9,825	10,377	5.3%
2020	38,990	42,297	739.00	9,777	10,582	7.6%

Source: U.S. Bureau of Labor Statistics; FRED, St. Louis Federal Reserve

(1) Data not available

(2) As of Q2 2024

(3) As of December 2024

**Population**

The U.S. Census Bureau American Community Survey estimates of population for Grayson County and the City of Leitchfield are as follows:

	<u>Grayson County, KY</u>	<u>City of Leitchfield, KY</u>
2024 Estimate	27,007	6,480
2020 U.S. Census	26,420	6,404
2010 U.S. Census	25,786	6,699

**Economic Framework  
Grayson County, Kentucky**

<u>PERSONS BY INDUSTRY</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing & hunting, & mining	235	2.1%
Construction	1,025	9.3%
Manufacturing	1,976	18.0%
Wholesale trade	113	1.0%
Retail trade	1,029	9.4%
Transportation & warehousing, & utilities	803	7.3%
Information	80	0.7%
Finance & insurance & real estate	359	3.3%
Professional, scientific, management, administrative & waste management services	643	5.8%
Educational services, health care & social assistance	2,991	27.2%
Arts, entertainment, recreation, accommodation & food services	799	7.3%
Other services, except public administration	426	3.9%
Public administration	521	4.7%
Total All Industries	11,000	100.0%

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

(The Remainder of This Page Intentionally Left Blank)



## Income

The U.S. Census Bureau, 2023 American Community Survey estimates of household income for Grayson County and the City of Leitchfield, Kentucky are as follows:

<b><u>HOUSEHOLDS BY INCOME</u></b>	<b><u>Grayson County, KY</u></b>		<b><u>City of Leitchfield, KY</u></b>	
	<b><u>Number</u></b>	<b><u>Percent%</u></b>	<b><u>Number</u></b>	<b><u>Percent%</u></b>
Less than \$10,000	747	7.6%	176	7.0%
\$10,000 to \$14,999	718	7.3%	79	3.1%
\$15,000 to \$24,999	966	9.9%	389	15.4%
\$25,000 to \$34,999	879	9.0%	256	10.2%
\$35,000 to \$49,999	1,594	16.3%	552	21.9%
\$50,000 to \$74,999	1,785	18.3%	562	22.3%
\$75,000 to \$99,999	875	9.0%	175	6.9%
\$100,000 to \$149,999	1,240	12.7%	184	7.3%
\$150,000 to \$199,999	412	4.2%	21	0.8%
\$200,000 or MORE	556	5.7%	176	5.0%

---

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

(The Remainder of This Page Intentionally Left Blank)

***[This page intentionally left blank]***

**APPENDIX D**

**GRAYSON COUNTY SCHOOL DISTRICT**

---

**Estimated Debt Service Requirements on the Series 2025 Bonds and  
Total Annual Debt Service Requirements**

***[This page intentionally left blank]***

*Board of Education of Grayson County, Kentucky*  
*General Obligation Bonds, Series 2025*

**ESTIMATED DEBT SERVICE REQUIREMENTS ON SERIES 2025 BONDS**

Date	Commission			District			Combined Debt Service			Fiscal Total
	Principal	Interest	Total P+I	Principal	Interest	Total P+I	Principal	Interest	Total P+I	
10/01/2025	-	\$20,713.91	\$20,713.91	-	\$178,684.01	\$178,684.01	-	\$199,397.92	\$199,397.92	
04/01/2026	\$35,888	22,596.99	58,484.99	\$24,112	194,928.01	219,040.01	\$60,000	217,525.00	277,525.00	\$476,922.92
10/01/2026	-	21,834.37	21,834.37	-	194,415.63	194,415.63	-	216,250.00	216,250.00	
04/01/2027	35,530	21,834.37	57,364.37	9,470	194,415.63	203,885.63	45,000	216,250.00	261,250.00	477,500.00
10/01/2027	-	21,079.36	21,079.36	-	194,214.39	194,214.39	-	215,293.75	215,293.75	
04/01/2028	37,040	21,079.36	58,119.36	7,960	194,214.39	202,174.39	45,000	215,293.75	260,293.75	475,587.50
10/01/2028	-	20,292.26	20,292.26	-	194,045.24	194,045.24	-	214,337.50	214,337.50	
04/01/2029	38,614	20,292.26	58,906.26	11,386	194,045.24	205,431.24	50,000	214,337.50	264,337.50	478,675.00
10/01/2029	-	19,471.71	19,471.71	-	193,803.29	193,803.29	-	213,275.00	213,275.00	
04/01/2030	40,255	19,471.71	59,726.71	9,745	193,803.29	203,548.29	50,000	213,275.00	263,275.00	476,550.00
10/01/2030	-	18,616.29	18,616.29	-	193,596.21	193,596.21	-	212,212.50	212,212.50	
04/01/2031	41,966	18,616.29	60,582.29	273,034	193,596.21	466,630.21	315,000	212,212.50	527,212.50	739,425.00
10/01/2031	-	17,724.51	17,724.51	-	187,794.24	187,794.24	-	205,518.75	205,518.75	
04/01/2032	43,749	17,724.51	61,473.51	281,251	187,794.24	469,045.24	325,000	205,518.75	530,518.75	736,037.50
10/01/2032	-	16,794.85	16,794.85	-	181,817.65	181,817.65	-	198,612.50	198,612.50	
04/01/2033	45,609	16,794.85	62,403.85	294,391	181,817.65	476,208.65	340,000	198,612.50	538,612.50	737,225.00
10/01/2033	-	15,825.66	15,825.66	-	175,561.84	175,561.84	-	191,387.50	191,387.50	
04/01/2034	47,547	15,825.66	63,372.66	307,453	175,561.84	483,014.84	355,000	191,387.50	546,387.50	737,775.00
10/01/2034	-	14,815.28	14,815.28	-	169,028.47	169,028.47	-	183,843.75	183,843.75	
04/01/2035	49,568	14,815.28	64,383.28	320,432	169,028.47	489,460.47	370,000	183,843.75	553,843.75	737,687.50
10/01/2035	-	13,761.96	13,761.96	-	162,219.29	162,219.29	-	175,981.25	175,981.25	
04/01/2036	51,675	13,761.96	65,436.96	318,325	162,219.29	480,544.29	370,000	175,981.25	545,981.25	721,962.50
10/01/2036	-	12,663.87	12,663.87	-	155,454.88	155,454.88	-	168,118.75	168,118.75	
04/01/2037	53,871	12,663.87	66,534.87	346,129	155,454.88	501,583.88	400,000	168,118.75	568,118.75	736,237.50
10/01/2037	-	11,519.11	11,519.11	-	148,099.64	148,099.64	-	159,618.75	159,618.75	
04/01/2038	56,160	11,519.11	67,679.11	358,840	148,099.64	506,939.64	415,000	159,618.75	574,618.75	734,237.50
10/01/2038	-	10,325.71	10,325.71	-	140,474.29	140,474.29	-	150,800.00	150,800.00	
04/01/2039	58,547	10,325.71	68,872.71	476,453	140,474.29	616,927.29	535,000	150,800.00	685,800.00	836,600.00
10/01/2039	-	9,081.59	9,081.59	-	130,349.66	130,349.66	-	139,431.25	139,431.25	
04/01/2040	61,035	9,081.59	70,116.59	818,965	130,349.66	949,314.66	880,000	139,431.25	1,019,431.25	1,158,862.50
10/01/2040	-	7,784.59	7,784.59	-	112,946.66	112,946.66	-	120,731.25	120,731.25	
04/01/2041	63,629	7,784.59	71,413.59	851,371	112,946.66	964,317.66	915,000	120,731.25	1,035,731.25	1,156,462.50
10/01/2041	-	6,432.48	6,432.48	-	94,855.02	94,855.02	-	101,287.50	101,287.50	
04/01/2042	66,334	6,432.48	72,766.48	888,666	94,855.02	983,521.02	955,000	101,287.50	1,056,287.50	1,157,575.00
10/01/2042	-	4,981.42	4,981.42	-	75,415.46	75,415.46	-	80,396.88	80,396.88	
04/01/2043	69,236	4,981.42	74,217.42	980,764	75,415.46	1,056,179.46	1,050,000	80,396.88	1,130,396.88	1,210,793.76
10/01/2043	-	3,423.61	3,423.61	-	53,348.27	53,348.27	-	56,771.88	56,771.88	
04/01/2044	72,351	3,423.61	75,774.61	1,027,649	53,348.27	1,080,997.27	1,100,000	56,771.88	1,156,771.88	1,213,543.76
10/01/2044	-	1,750.49	1,750.49	-	29,583.88	29,583.88	-	31,334.37	31,334.37	
04/01/2045	75,697	1,750.49	77,447.49	1,279,303	29,583.88	1,308,886.88	1,355,000	31,334.37	1,386,334.37	1,417,668.74
Total	\$1,044,301	\$539,669.14	\$1,583,970.14	\$8,885,699	\$5,947,660.04	\$14,833,359.04	\$9,930,000	\$6,487,329.18	\$16,417,329.18	\$16,417,329.18

*Board of Education of Grayson County, Kentucky*  
*General Obligation Bonds, Series 2025*

**ESTIMATED TOTAL ANNUAL DISTRICT DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 6/30	Estimated Series 2025 Bonds			Existing School Building Revenue Debt Service (Restricted Fund)	Existing General Fund Debt Service	New Total Debt Service
	Principal	Interest	Total P+I			
2025	-	-	-	\$2,054,128.14	\$344,575.00	\$2,398,703.14
2026	\$24,112	\$373,612.02	\$397,724.02	2,053,773.16	345,275.00	2,796,772.18
2027	9,470	388,831.26	398,301.26	2,052,825.09	345,675.00	2,796,801.35
2028	7,960	388,428.78	396,388.78	2,053,215.35	338,250.00	2,787,854.13
2029	11,386	388,090.48	399,476.48	2,051,429.68	-	2,450,906.16
2030	9,745	387,606.58	397,351.58	2,051,069.22	-	2,448,420.80
2031	273,034	387,192.42	660,226.42	1,269,725.01	-	1,929,951.43
2032	281,251	375,588.48	656,839.48	1,272,592.47	-	1,929,431.95
2033	294,391	363,635.30	658,026.30	1,272,309.69	-	1,930,335.99
2034	307,453	351,123.68	658,576.68	1,268,574.96	-	1,927,151.64
2035	320,432	338,056.94	658,488.94	1,271,733.45	-	1,930,222.39
2036	318,325	324,438.58	642,763.58	1,076,667.54	-	1,719,431.12
2037	346,129	310,909.76	657,038.76	1,073,749.13	-	1,730,787.89
2038	358,840	296,199.28	655,039.28	1,073,999.36	-	1,729,038.64
2039	476,453	280,948.58	757,401.58	972,041.96	-	1,729,443.54
2040	818,965	260,699.32	1,079,664.32	261,359.94	-	1,341,024.26
2041	851,371	225,893.32	1,077,264.32	260,839.44	-	1,338,103.76
2042	888,666	189,710.04	1,078,376.04	259,654.79	-	1,338,030.83
2043	980,764	150,830.92	1,131,594.92	207,271.88	-	1,338,866.80
2044	1,027,649	106,696.54	1,134,345.54	204,125.00	-	1,338,470.54
2045	1,279,303	59,167.76	1,338,470.76	-	-	1,338,470.76
Total	\$8,885,699	\$5,947,660.04	\$14,833,359.04	\$24,061,085.26	\$1,373,775.00	\$40,268,219.30

**APPENDIX E**

**GRAYSON COUNTY SCHOOL DISTRICT**

---

**Audited Financial Statements for the Year Ended June 30, 2024**

***[This page intentionally left blank]***



***GRAYSON COUNTY SCHOOL DISTRICT***  
***BASIC FINANCIAL STATEMENTS***  
***AND***  
***SUPPLEMENTARY INFORMATION***  
***Year Ended June 30, 2024***

***(With Independent Auditor's Report Thereon)***

## C O N T E N T S

---

	<u>Pages</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Proprietary Funds Financial Statements:	
Statement of Net Position	14
Statement of Revenues, Expenses, and Changes in Fund Net Position	15
Statement of Cash Flows	16
Notes to Financial Statements	17-55

## CONTENTS, CONCLUDED

---

	<u>Pages</u>
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	56
Special Revenue Fund	57
Pension and Other Postemployment Benefits Schedules:	
Teachers' Retirement System of the State of Kentucky	58-63
County Employees Retirement System	64-68
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Financial Statements:	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70
School Activity Fund:	
Combining Schedule of Receipts, Disbursements, Accruals, and Fund Balance	71
Schedule of Receipts, Disbursements, Accruals, and Fund Balance:	
Grayson County High School	72
Schedule of Expenditures of Federal Awards	73-74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	75-76
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	77-78
Schedule of Findings and Questioned Costs	79
Summary Schedule of Prior Audit Findings	80

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education  
Grayson County School District  
Leitchfield, Kentucky

Kentucky State Committee for School District Audits  
Frankfort, Kentucky

### Report on the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Committee for School District Audits. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

***Auditor's Responsibilities for the Audit of the Financial Statements, Continued***

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7, the budgetary comparison schedules on pages 56-57, and the pension and other postemployment benefits schedules on pages 58-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Riney Hancock CPAs PSC*

**GRAYSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

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

**Financial Highlights**

- The beginning General Fund cash, cash equivalents, and investments balance was \$4.98 million. The ending balance was \$13.7 million. The difference is primarily due to an \$8M receivable due at June 30, 2023 from the Special Revenue Fund for prepayments of federal grant expenditures. The receivable from the Special Revenue Fund at June 30, 2024 was approximately \$779,000.
- The general fund had \$40.1 million in revenue, which primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. There were \$37.8 million in general fund expenditures.

**Overview of financial statements**

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

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's financial activities, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities. The statement of net position presents information about all of the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities. The difference between assets plus deferred outflows of resources and deferred inflows of resources plus liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 and 9 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 Enterprise ERP (formerly, MUNIS) administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary. The proprietary funds are food service operations (Fund 51), daycare

operations (Fund 52) and culinary operations (Fund 53). All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 10 through 16 of this report.

### Notes to 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 17 through 55 of this report.

### Government-wide financial statements

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$31.8 million as of June 30, 2024.

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

(Table 1)  
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$31,117,790	\$32,152,120	\$1,528,834	\$1,647,749	\$32,646,624	\$33,799,869
Capital assets	<u>58,729,184</u>	<u>53,656,927</u>	<u>629,638</u>	<u>640,842</u>	<u>59,358,822</u>	<u>54,297,769</u>
Total assets	<u>89,846,974</u>	<u>85,809,047</u>	<u>2,158,472</u>	<u>2,288,591</u>	<u>92,005,446</u>	<u>88,097,638</u>
Deferred outflows	<u>7,523,894</u>	<u>8,734,745</u>	<u>580,842</u>	<u>572,585</u>	<u>8,104,736</u>	<u>9,307,330</u>
Long-term liabilities	41,908,948	51,006,144	2,185,016	2,990,921	44,093,964	53,997,065
Other liabilities	<u>12,880,752</u>	<u>14,230,796</u>	<u>9,035</u>	<u>13,083</u>	<u>12,889,787</u>	<u>14,243,879</u>
Total liabilities	<u>54,789,700</u>	<u>65,236,940</u>	<u>2,194,051</u>	<u>3,004,004</u>	<u>56,983,751</u>	<u>68,240,944</u>
Deferred inflows	<u>10,804,156</u>	<u>5,866,646</u>	<u>978,603</u>	<u>304,450</u>	<u>11,782,759</u>	<u>6,171,096</u>
<b>Net position</b>						
Net investment in capital assets	34,166,828	27,543,547	629,638	640,842	34,796,466	28,184,389
Restricted	5,942,960	6,383,577	16,710	-	5,942,960	6,383,577
Unrestricted	<u>(8,332,776)</u>	<u>(10,486,918)</u>	<u>(1,079,688)</u>	<u>(1,088,120)</u>	<u>(9,412,464)</u>	<u>(11,575,038)</u>
<b>Total net position</b>	<u>\$31,777,012</u>	<u>\$23,440,206</u>	<u>\$(433,340)</u>	<u>\$(447,278)</u>	<u>\$31,343,672</u>	<u>\$22,992,928</u>

The following table presents a summary of changes in net position for the fiscal years ended June 30, 2024 and 2023.

Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Program revenues:</b>						
Charges for services	\$451,023	\$432,669	\$151,791	\$175,546	\$602,814	\$608,215
Operating grants and contributions	8,090,367	10,158,855	3,638,904	3,831,561	11,729,271	13,990,416
Capital grants and contributions	4,272,251	7,545,604	-	-	4,272,251	7,545,604
<b>General revenues:</b>						
Taxes	12,985,000	11,065,587	-	-	12,985,000	11,065,587
State aid formula grants	17,935,109	18,155,812	-	-	17,935,109	18,155,812
Investment earnings	744,623	384,946	779	739	745,402	385,685
Gain (loss) on sale of capital assets	-	10,520	-	(14)	-	10,506
Miscellaneous	162,586	213,976	-	-	162,586	213,976
State on behalf payments	10,588,485	12,613,706	300,557	282,325	10,889,042	12,896,031
<b>Transfers:</b>	<u>156,981</u>	<u>-</u>	<u>(156,981)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers	<u>55,386,425</u>	<u>60,581,675</u>	<u>3,935,050</u>	<u>4,290,157</u>	<u>59,321,475</u>	<u>64,871,832</u>
<b>Program expenses:</b>						
Instruction	29,289,103	31,962,687	-	-	29,289,103	31,962,687
Support services:						
Student	2,149,779	2,523,201	-	-	2,149,779	2,523,201
Instructional staff	2,085,264	2,601,211	-	-	2,085,264	2,601,211
District administration	1,234,572	1,211,005	-	-	1,234,572	1,211,005
School administration	2,505,284	2,703,882	-	-	2,505,284	2,703,882
Business	777,948	895,686	-	-	777,948	895,686
Facility operations/maintenance	4,533,546	4,460,220	-	-	4,533,546	4,460,220
Student transportation	3,139,443	3,546,376	-	-	3,139,443	3,546,376
Food service	-	-	-	-	-	-
Daycare	-	11,659	-	-	-	11,659
Community service activities	366,912	476,753	-	-	366,912	476,753
Other	22,366	-	-	-	22,366	-
Interest on long-term debt	945,402	816,668	-	-	945,402	816,668
<b>Business-type activities:</b>						
Food service	-	-	3,843,974	3,814,052	3,843,974	3,814,052
Daycare	-	-	77,138	99,174	77,138	99,174
Culinary	-	-	-	2,041	-	2,041
Total expenses and transfers	<u>47,049,619</u>	<u>51,209,348</u>	<u>3,921,112</u>	<u>3,915,267</u>	<u>50,970,731</u>	<u>55,124,615</u>
<b>Increase/decrease in net position</b>	<u>\$8,336,806</u>	<u>\$9,372,327</u>	<u>\$13,938</u>	<u>\$374,890</u>	<u>\$8,350,744</u>	<u>\$9,747,217</u>



The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services. The following table shows, for government activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

	<b>Governmental Activities</b>			
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Instruction	\$29,289,103	\$31,962,687	\$22,841,077	\$23,944,304
Support services	16,425,836	17,953,240	14,720,048	15,791,484
Non-instructional	366,912	476,753	(20,664)	65,368
Facilities acquisition/construction	22,366	-	(4,249,885)	(7,545,604)
Interest on long-term debt	<u>945,402</u>	<u>816,668</u>	<u>945,402</u>	<u>816,668</u>
<b>Total expenses</b>	<b><u>\$47,049,619</u></b>	<b><u>\$51,209,348</u></b>	<b><u>\$34,235,978</u></b>	<b><u>\$33,072,220</u></b>

Instruction comprised 62.3%, support services comprised 34.9% and expense for facilities acquisition and construction, interest and other items accounted for 2.8% of government expenses for the fiscal year 2024.

#### **Business-Type Activities**

The business-type activities include the food service, child care operations and a culinary program. These programs had total revenues of \$3.94 million and expenses of \$3.92 for the fiscal year 2024. Of the revenues, \$151,791 was charges for services, \$3.64 million was from State and Federal operating grants, \$779 was from investment earnings and \$300,557 in on-behalf payments. Business-type activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

#### **The School District's Funds**

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$55.5 million and expenditures and other financing uses of \$55.3 million.

#### **General Fund-Budget Highlights**

The School 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. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

General Fund revenues were budgeted at \$28.1 million with actual revenues of \$40.1 million. Budgeted expenditures were \$37.8 million with actual expenditures of \$37.8 million. The most significant fluctuations for both revenues and expenses were primarily due to on-behalf payments of \$10.9 million, which are not budgeted items.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2024, the School District had \$59.4 million invested in land, buildings and improvements, technology, vehicles and equipment. Of the total \$59.4 million invested, \$58.7 million is invested in governmental activities.

#### Capital Assets at June 30 (Net of Depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Land	\$1,856,739	\$1,856,739	\$ -	\$ -	\$1,856,739	\$1,856,739
Land improvements	345,642	298,353	-	-	345,642	298,353
Buildings and improvements	33,495,436	33,366,225	-	-	33,495,436	33,366,225
Technology equipment	532,118	801,473	6,520	11,096	538,638	812,569
Vehicles	2,218,546	2,047,187	-	-	2,218,546	2,047,187
General equipment	3,472,177	3,568,303	623,118	629,746	4,095,295	4,198,049
Construction in progress	<u>16,808,526</u>	<u>11,718,647</u>	<u>-</u>	<u>-</u>	<u>16,808,526</u>	<u>11,718,647</u>
Total	<u>\$58,729,184</u>	<u>\$53,656,927</u>	<u>\$629,638</u>	<u>\$640,842</u>	<u>\$59,358,822</u>	<u>\$54,297,769</u>

### Debt

At June 30, 2024, the School District had \$24.9 million in bonds outstanding. A total of \$1.65 million is due within one year.

### Future Budgetary Implications

In Kentucky, the public school fiscal year is July 1 through June 30; other programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget for the 2024-2025 school year with a 5.6% contingency. Significant Board action included in the budget are spending for wage increases for personnel, facility repairs and maintenance, transportation purchases and technology purchases.

### Contacting the School District's Financial Management

This financial report is designed to provide a general overview of the financial position of the Grayson County Board of Education and to reflect management's accountability for the various funds. If you have questions about this report or the information provided within, contact the Finance Officer of the Grayson County Board of Education, PO Box 4009, Leitchfield, Kentucky 42755.

**GRAYSON COUNTY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,846,167	\$ 1,376,428	\$ 12,222,595
Investments	16,849,413	-	16,849,413
Accounts receivable:			
Taxes	582,638	-	582,638
Other	214,777	2,403	217,180
Due from other governments	779,401	97,563	876,964
Inventory	-	35,730	35,730
Prepays and other current assets	123,034	-	123,034
Net other postemployment benefits asset	302,478	16,710	319,188
Restricted cash and cash equivalents	1,419,882	-	1,419,882
Capital assets, net	58,729,184	629,638	59,358,822
<b>Total assets</b>	<b>89,846,974</b>	<b>2,158,472</b>	<b>92,005,446</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	296,814	-	296,814
Pension deferred outflows	2,425,191	421,935	2,847,126
Other postemployment benefits deferred outflows	4,801,889	158,907	4,960,796
<b>Total deferred outflows of resources</b>	<b>7,523,894</b>	<b>580,842</b>	<b>8,104,736</b>
<b>LIABILITIES</b>			
Accounts payable	637,650	2,213	639,863
Accrued salaries and benefits	141,291	-	141,291
Accrued interest payable	194,651	-	194,651
Unearned revenue	10,128,534	6,822	10,135,356
Long-term liabilities:			
Due within one year	1,778,626	-	1,778,626
Due in more than one year	23,520,510	-	23,520,510
Other liabilities due in more than one year:			
Net pension liability	12,649,438	2,185,016	14,834,454
Net other postemployment benefits liabilities	5,739,000	-	5,739,000
<b>Total liabilities</b>	<b>54,789,700</b>	<b>2,194,051</b>	<b>56,983,751</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferred inflows	1,359,529	248,781	1,608,310
Other postemployment benefits deferred inflows	9,444,627	729,822	10,174,449
<b>Total deferred inflows of resources</b>	<b>10,804,156</b>	<b>978,603</b>	<b>11,782,759</b>
<b>NET POSITION</b>			
Net investment in capital assets	34,166,828	629,638	34,796,466
Restricted for:			
Capital projects	4,752,444	-	4,752,444
Other	888,038	-	888,038
Other postemployment benefits	302,478	16,710	319,188
Unrestricted	(8,332,776)	(1,079,688)	(9,412,464)
<b>Total net position</b>	<b>\$ 31,777,012</b>	<b>\$ (433,340)</b>	<b>\$ 31,343,672</b>

**GRAYSON COUNTY SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 29,289,103	\$ -	\$ 6,448,026	\$ -	\$ (22,841,077)		\$ (22,841,077)
Support services:							
Student	2,149,779	441,805	674,868	-	(1,033,106)		(1,033,106)
Instructional staff	2,085,264	-	377,800	-	(1,707,464)		(1,707,464)
District administration	1,234,572	-	224	-	(1,234,348)		(1,234,348)
School administration	2,505,284	-	81,992	-	(2,423,292)		(2,423,292)
Business	777,948	-	-	-	(777,948)		(777,948)
Plant operation and maintenance	4,533,546	-	119,592	-	(4,413,954)		(4,413,954)
Student transportation	3,139,443	9,218	289	-	(3,129,936)		(3,129,936)
Community services	366,912	-	387,576	-	20,664		20,664
Building renovations / additions	22,366	-	-	4,272,251	4,249,885		4,249,885
Interest on long-term liabilities	945,402	-	-	-	(945,402)		(945,402)
Total governmental activities	<u>47,049,619</u>	<u>451,023</u>	<u>8,090,367</u>	<u>4,272,251</u>	<u>(34,235,978)</u>		<u>(34,235,978)</u>
Business-type activities:							
Food service	3,843,974	80,148	3,638,904	-	-	\$ (124,922)	(124,922)
Daycare	77,138	71,113	-	-	-	(6,025)	(6,025)
Culinary	<u>-</u>	<u>530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>530</u>	<u>530</u>
Total business-type activities	<u>3,921,112</u>	<u>151,791</u>	<u>3,638,904</u>	<u>-</u>	<u>-</u>	<u>(130,417)</u>	<u>(130,417)</u>
Total district	<u>\$ 50,970,731</u>	<u>\$ 602,814</u>	<u>\$ 11,729,271</u>	<u>\$ 4,272,251</u>	<u>(34,235,978)</u>	<u>(130,417)</u>	<u>(34,366,395)</u>
General revenues:							
Property taxes					10,878,816	-	10,878,816
Utility taxes					2,106,184	-	2,106,184
State aid formula grants					17,935,109	-	17,935,109
On-behalf payments					10,588,485	300,557	10,889,042
Investment earnings					744,623	779	745,402
Miscellaneous					162,586	-	162,586
Transfers					<u>156,981</u>	<u>(156,981)</u>	<u>-</u>
Total general revenues and transfers					<u>42,572,784</u>	<u>144,355</u>	<u>42,717,139</u>
Change in net position					8,336,806	13,938	8,350,744
Net position, June 30, 2023					<u>23,440,206</u>	<u>(447,278)</u>	<u>22,992,928</u>
Net position, June 30, 2024					<u>\$ 31,777,012</u>	<u>\$ (433,340)</u>	<u>\$ 31,343,672</u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,602,709	\$ -	\$ 139,081	\$ 2,104,377	\$ 10,846,167
Investments	5,102,509	-	11,746,904	-	16,849,413
Accounts receivable:					
Taxes	582,638	-	-	-	582,638
Other	187,332	-	23,359	4,086	214,777
Due from other governments	-	779,401	-	-	779,401
Due from other funds	227,756	-	-	-	227,756
Prepaid expenses	123,034	-	-	-	123,034
Restricted cash and cash equivalents	-	-	-	1,419,882	1,419,882
<b>Total assets</b>	<b>\$ 14,825,978</b>	<b>\$ 779,401</b>	<b>\$ 11,909,344</b>	<b>\$ 3,528,345</b>	<b>\$ 31,043,068</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 215,762	\$ 3,599	\$ 418,289	\$ -	\$ 637,650
Due to other funds	-	227,756	-	-	227,756
Accrued salaries and benefits	141,291	-	-	-	141,291
Unearned revenue	-	128,534	10,000,000	-	10,128,534
<b>Total liabilities</b>	<b>357,053</b>	<b>359,889</b>	<b>10,418,289</b>	<b>-</b>	<b>11,135,231</b>
Deferred inflows of resources:					
Unavailable revenue - delinquent property taxes	216,894	-	-	-	216,894
Fund balances:					
Nonspendable	123,034	-	-	-	123,034
Restricted	222,983	419,512	1,491,055	3,506,932	5,640,482
Committed	-	-	-	-	-
Assigned	181,114	-	-	21,413	202,527
Unassigned	13,724,900	-	-	-	13,724,900
<b>Total fund balances</b>	<b>14,252,031</b>	<b>419,512</b>	<b>1,491,055</b>	<b>3,528,345</b>	<b>19,690,943</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,825,978</b>	<b>\$ 779,401</b>	<b>\$ 11,909,344</b>	<b>\$ 3,528,345</b>	<b>\$ 31,043,068</b>

# GRAYSON COUNTY SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2024

Total fund balances - governmental funds \$ 19,690,943

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 in the  
governmental funds. 58,729,184

Certain assets are not available to pay for current  
period expenditures:

Taxes receivable \$ 216,894 216,894

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

Bonds payable	\$ (24,690,000)	
Issuance premiums	(292,977)	
Issuance discounts	123,807	
Deferred charges on refunding	296,814	
Compensated absences	(439,966)	
Net pension liability - CERS	(12,649,438)	
Net OPEB liability - TRS	(5,739,000)	
Net OPEB asset	302,478	
Accrued interest payable	(194,651)	(43,282,933)

Certain amounts related to the net pension liability and OPEB  
asset are not reported in the governmental funds, but are  
deferred in the statement of net position:

Pension and OPEB deferred outflows	\$ 7,227,080	
Pension and OPEB deferred inflows	(10,804,156)	(3,577,076)

Net position of governmental activities \$ 31,777,012

**GRAYSON COUNTY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 9,017,891	\$ -	\$ -	\$ 1,912,660	\$ 10,930,551
Utility taxes	2,106,184	-	-	-	2,106,184
Earnings on investments	184,910	188	522,504	37,021	744,623
Other local revenue	304,094	10,175	-	300,297	614,566
State aid	28,196,660	1,974,048	-	1,699,074	31,869,782
Federal aid	297,597	8,628,582	-	89,294	9,015,473
Total revenues	<u>40,107,336</u>	<u>10,612,993</u>	<u>522,504</u>	<u>4,038,346</u>	<u>55,281,179</u>
Expenditures:					
Instruction	23,099,297	6,420,482	-	297,407	29,817,186
Support services:					
Student	1,834,255	367,271	-	-	2,201,526
Instructional staff	1,734,969	377,800	-	-	2,112,769
District administration	1,203,361	224	-	-	1,203,585
School administration	1,853,807	81,992	-	-	1,935,799
Business	806,222	-	-	-	806,222
Plant operation and maintenance	3,661,703	119,592	-	-	3,781,295
Student transportation	3,600,784	289	-	-	3,601,073
Community services	19,871	387,576	-	-	407,447
Architectural / engineering	-	-	4,167,614	-	4,167,614
Building renovations / additions	-	-	2,806,896	-	2,806,896
Debt service:					
Principal	-	-	-	1,585,000	1,585,000
Interest	-	-	-	857,884	857,884
Total expenditures	<u>37,814,269</u>	<u>7,755,226</u>	<u>6,974,510</u>	<u>2,740,291</u>	<u>55,284,296</u>
Excess (deficiency) of revenues over expenditures	<u>2,293,067</u>	<u>2,857,767</u>	<u>(6,452,006)</u>	<u>1,298,055</u>	<u>(3,117)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	12,670	-	-	-	12,670
Operating transfers in	156,981	72,529	4,331,169	2,308,625	6,869,304
Operating transfers out	<u>(1,541,663)</u>	<u>(2,862,035)</u>	<u>-</u>	<u>(2,308,625)</u>	<u>(6,712,323)</u>
Total other financing sources (uses)	<u>(1,372,012)</u>	<u>(2,789,506)</u>	<u>4,331,169</u>	<u>-</u>	<u>169,651</u>
Net change in fund balances	921,055	68,261	(2,120,837)	1,298,055	166,534
Fund balance, June 30, 2023	<u>13,330,976</u>	<u>351,251</u>	<u>3,611,892</u>	<u>2,230,290</u>	<u>19,524,409</u>
Fund balance, June 30, 2024	\$ <u><u>14,252,031</u></u>	\$ <u><u>419,512</u></u>	\$ <u><u>1,491,055</u></u>	\$ <u><u>3,528,345</u></u>	\$ <u><u>19,690,943</u></u>

# GRAYSON COUNTY SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$	166,534
--	----	---------

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

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated  
over their estimated useful lives and reported as depreciation expense:

Capital outlays	\$	8,046,429	
Depreciation expense		<u>(2,696,712)</u>	5,349,717

Governmental funds report the disposal of capital assets to the extent proceeds are received. However, the statement of activities reports the gain or loss.	(277,460)
--	-----------

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the governmental  
funds:

Increase in taxes receivable	(51,735)
------------------------------	----------

The issuance of long-term debt provides current financial resources  
to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of  
governmental funds. Neither transaction, however, has any effect  
on net position. Also, governmental funds report the effect of  
certain items when debt is first issued, whereas these amounts  
are deferred and amortized in the statement of activities:

Principal payments on bonds	\$	1,585,000	
Amortization of premiums on bonds		43,788	
Amortization of discounts on bonds		(17,763)	
Amortization of deferred charges on refunding		<u>(60,001)</u>	1,551,024

Certain expenses reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not  
reported as expenditures in governmental funds:

Increase in compensated absences liability	\$	(25,589)	
Decrease in pension expense - CERS		358,303	
Decrease in OPEB expense - CERS		588,343	
Decrease in OPEB expense - TRS		731,211	
Increase in accrued interest payable		<u>(53,542)</u>	1,598,726

Change in net position of governmental activities	\$	<u>8,336,806</u>
---	----	------------------



**GRAYSON COUNTY SCHOOL DISTRICT**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2024

	Enterprise Funds			
	Food Service Fund	Daycare Fund	Culinary Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash	\$ 1,347,761	\$ 27,427	\$ 1,240	\$ 1,376,428
Accounts receivable:				
Operating	-	2,403	-	2,403
Due from other governments	97,563	-	-	97,563
Inventory	35,730	-	-	35,730
Total current assets	<u>1,481,054</u>	<u>29,830</u>	<u>1,240</u>	<u>1,512,124</u>
Noncurrent assets:				
Net other postemployment benefits asset	13,283	3,427	-	16,710
Capital assets	1,705,860	-	-	1,705,860
Less accumulated depreciation	<u>(1,076,222)</u>	<u>-</u>	<u>-</u>	<u>(1,076,222)</u>
Total noncurrent assets	<u>642,921</u>	<u>3,427</u>	<u>-</u>	<u>646,348</u>
<b>Total assets</b>	<u>2,123,975</u>	<u>33,257</u>	<u>1,240</u>	<u>2,158,472</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferred outflows	400,932	21,003	-	421,935
Other postemployment benefits deferred outflows	<u>156,393</u>	<u>2,514</u>	<u>-</u>	<u>158,907</u>
<b>Total deferred outflows of resources</b>	<u>557,325</u>	<u>23,517</u>	<u>-</u>	<u>580,842</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,415	798	-	2,213
Unearned revenue	<u>6,822</u>	<u>-</u>	<u>-</u>	<u>6,822</u>
Total current liabilities	8,237	798	-	9,035
Non-current liabilities:				
Net pension liability	<u>2,103,665</u>	<u>81,351</u>	<u>-</u>	<u>2,185,016</u>
<b>Total liabilities</b>	<u>2,111,902</u>	<u>82,149</u>	<u>-</u>	<u>2,194,051</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferred inflows	248,616	165	-	248,781
Other postemployment benefits deferred inflows	<u>707,145</u>	<u>22,677</u>	<u>-</u>	<u>729,822</u>
<b>Total deferred inflows of resources</b>	<u>955,761</u>	<u>22,842</u>	<u>-</u>	<u>978,603</u>
<b>NET POSITION</b>				
Net investment in capital assets	629,638	-	-	629,638
Restricted for other postemployment benefits	13,283	3,427	-	16,710
Unrestricted	<u>(1,029,284)</u>	<u>(51,644)</u>	<u>1,240</u>	<u>(1,079,688)</u>
<b>Total net position</b>	<u>\$ (386,363)</u>	<u>\$ (48,217)</u>	<u>\$ 1,240</u>	<u>\$ (433,340)</u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

Year Ended June 30, 2024

	Enterprise Funds			
	Food Service Fund	Daycare Fund	Culinary Fund	Total
Operating revenues:				
Charges for services	\$ 80,148	\$ 71,113	\$ 530	\$ 151,791
Total operating revenues	<u>80,148</u>	<u>71,113</u>	<u>530</u>	<u>151,791</u>
Operating expenses:				
Salaries and wages	1,043,555	53,245	-	1,096,800
Employee benefits	463,523	13,622	-	477,145
Professional and technical services	50	345	-	395
Property services	42,828	-	-	42,828
Other purchased services	7,694	578	-	8,272
Supplies and materials	2,172,662	4,744	-	2,177,406
Miscellaneous	19,778	4,604	-	24,382
Depreciation	93,884	-	-	93,884
Total operating expenses	<u>3,843,974</u>	<u>77,138</u>	<u>-</u>	<u>3,921,112</u>
Operating income (loss)	<u>(3,763,826)</u>	<u>(6,025)</u>	<u>530</u>	<u>(3,769,321)</u>
Nonoperating revenues (expenses):				
Federal government grants	3,412,210	-	-	3,412,210
State government grants	24,003	-	-	24,003
Donated commodities	202,691	-	-	202,691
On-behalf payments	294,944	5,613	-	300,557
Interest income	779	-	-	779
Total nonoperating revenues (expenses)	<u>3,934,627</u>	<u>5,613</u>	<u>-</u>	<u>3,940,240</u>
Income before transfers	170,801	(412)	530	170,919
Transfers out	<u>(156,981)</u>	<u>-</u>	<u>-</u>	<u>(156,981)</u>
Change in net position	13,820	(412)	530	13,938
Net position, June 30, 2023	<u>(400,183)</u>	<u>(47,805)</u>	<u>710</u>	<u>(447,278)</u>
Net position, June 30, 2024	\$ <u><u>(386,363)</u></u>	\$ <u><u>(48,217)</u></u>	\$ <u><u>1,240</u></u>	\$ <u><u>(433,340)</u></u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

Year Ended June 30, 2024

	Enterprise Funds			
	Food Service Fund	Daycare Fund	Culinary Fund	Total
<b>Cash flows from operating activities:</b>				
Cash received from:				
Charges for services	\$ 80,380	\$ 77,379	\$ 552	\$ 158,311
Other operating revenues	-	-	-	-
Cash paid to / for:				
Employees	(1,657,879)	(73,034)	-	(1,730,913)
Supplies	(1,977,499)	(4,744)	-	(1,982,243)
Other services	(70,419)	(4,924)	-	(75,343)
Net cash provided by (used in) operating activities	<u>(3,625,417)</u>	<u>(5,323)</u>	<u>552</u>	<u>(3,630,188)</u>
<b>Cash flows from noncapital financing activities:</b>				
Federal government grants	3,374,944	-	-	3,374,944
State government grants	24,003	-	-	24,003
On-behalf payments	294,944	5,613	-	300,557
Transfers out	(156,981)	-	-	(156,981)
Net cash provided by noncapital financing activities	<u>3,536,910</u>	<u>5,613</u>	<u>-</u>	<u>3,542,523</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	<u>(82,680)</u>	<u>-</u>	<u>-</u>	<u>(82,680)</u>
Net cash used in capital and related financing activities	<u>(82,680)</u>	<u>-</u>	<u>-</u>	<u>(82,680)</u>
<b>Cash flows from investing activities:</b>				
Interest income	<u>779</u>	<u>-</u>	<u>-</u>	<u>779</u>
Net cash provided by investing activities	<u>779</u>	<u>-</u>	<u>-</u>	<u>779</u>
Net increase in cash and cash equivalents	<u>(170,408)</u>	<u>290</u>	<u>552</u>	<u>(169,566)</u>
<b>Cash and cash equivalents:</b>				
Beginning of year	<u>1,518,169</u>	<u>27,137</u>	<u>688</u>	<u>1,545,994</u>
End of year	<u>\$ 1,347,761</u>	<u>\$ 27,427</u>	<u>\$ 1,240</u>	<u>\$ 1,376,428</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating income (loss)	\$ (3,763,826)	\$ (6,025)	\$ 530	\$ (3,769,321)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	93,884	-	-	93,884
Commodities used	202,691	-	-	202,691
Changes in assets and liabilities:				
Accounts receivable - operating	-	6,266	22	6,288
Inventory	(2,963)	-	-	(2,963)
Accounts payable	(4,634)	603	-	(4,031)
Accrued salaries and benefits	(249)	-	-	(249)
Net other postemployment benefits asset and deferrals	(92,162)	(3,694)	-	(95,856)
Net pension liability and deferrals	(58,390)	(2,473)	-	(60,863)
Unearned revenue	232	-	-	232
Net cash provided by (used in) operating activities	<u>\$ (3,625,417)</u>	<u>\$ (5,323)</u>	<u>\$ 552</u>	<u>\$ (3,630,188)</u>
Noncash noncapital financing activities:				
Food commodities from the U.S. Department of Agriculture	<u>\$ 202,691</u>			

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 1. Reporting Entity

The Grayson County Board of Education (Board) 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 Grayson County School District (District). Board members are elected by the public and have decision making authority for the District.

The financial statements of the District include the financial activities of the Board and its blended component unit in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board, as described below.

Grayson County School District Finance Corporation – The Grayson County School District Finance Corporation (Corporation) serves as an agent of the Board in financing the acquisition, construction, and equipping of school buildings and related facilities, including the issuance of bonds. Members of the Board serve as the board of directors for the Corporation. The Corporation has no financial activity, and transactions related to bond issues in which the Corporation acts as an agent are recorded in the District's government-wide financial statements.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the 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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Presentation, Continued

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.

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 and the modified accrual basis of accounting. 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 net total assets.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The statement of cash flows provides information about how the District finances the cash flow needs of its proprietary activities.

The District reports the following funds:

#### Governmental Funds:

##### General Fund:

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

##### Special Revenue Funds:

##### Special Revenue Fund:

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 may be returned to the grantor at the close of the specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Presentation, Continued

##### District Activity Fund:

The District Activity Fund is used to account for funds to support co-curricular and extra-curricular activities not raised or expended by student groups.

##### Student Activity Fund:

The Student Activity Fund is used to account for funds raised and expended by student groups for co-curricular and extra-curricular activities.

##### Capital Projects Funds:

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).

##### SEEK Capital Outlay Fund:

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

##### FSPK Building Fund:

The Facility Support Program of Kentucky (FSPK) Building Fund accounts for funds generated by the building tax levy required to participate in the Kentucky 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.

##### Construction Fund:

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

##### Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

##### Proprietary Funds (Enterprise):

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services be financed or recovered primarily through user charges.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Presentation, Continued

##### Food Service Fund:

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

##### Daycare Fund:

The Daycare Fund is used to account for daycare operations established to provide supervised activities for students after dismissal. Revenues are primarily charges for childcare.

##### Culinary Fund:

The Culinary Fund is used to account for culinary activities of the District.

#### Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary 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, are 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 60 days of the fiscal year end.

Non-Exchange 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 Non-Exchange Transactions must also be available before they can be recognized.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Basis of Accounting, Continued

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been earned and 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 fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense, with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to first apply restricted resources.

The measurement focus of governmental fund accounting is on changes in net financial resources or expenditures rather than revenues or 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.

#### Budgetary Principles

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

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 the obligation is incurred (GAAP).

#### Encumbrance Accounting

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in assigned fund balance. For budgetary purposes, appropriations lapse at fiscal year-end and do not constitute expenditures or liabilities because the commitments will be reappropriated in the next year.

#### Cash and Cash Equivalents

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

#### Investments

Investments are measured at fair value on a recurring basis.



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Accounts Receivable

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include federal and state funding and taxes. Balances deemed uncollectible are written off; therefore, the District does not record an allowance for doubtful accounts.

#### Inventory

Inventory in the Food Service Fund consists of purchased food valued at cost, and donated commodities valued by the U.S. Department of Agriculture at fair value on the date of donation, using the specific identification method.

#### Prepaid Expenses

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds.

#### Restricted Cash and Cash Equivalents

Certain resources set aside for repayment of school building revenue bonds are classified as restricted cash and cash equivalents on the government-wide statement of net position and the governmental funds balance sheet.

#### Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at fair market value as of the date received. The District maintains a capitalization threshold of five thousand dollars. 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 per Kentucky Department of Education Guidelines:

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Capital Assets, Continued

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10-20 years
Food service equipment	12 years

#### Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and personal property in the District. Taxes are due in one installment on December 1 and become delinquent by January 1 following the levy date.

The assessed value of the tax roll on January 1, 2023, on which the levy for the 2024 fiscal year was based, totaled \$1,912,660,620. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The tax rates assessed for the year ended June 30, 2024, to finance General Fund and FSPK Building Fund operations were 46.2 cents and 12.2 cents per \$100 valuation, respectively, for a total of 58.4 cents per \$100 valuation. In addition, the tax rate assessed for motor vehicles totaled 46.3 cents per \$100 valuation.

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

#### Unearned Revenue

The District reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the District and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Interfund Receivables and Payables

Each fund is a distinct fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. During the year, the General Fund receives and disburses funds that relate to other funds or activities. Transfers are then made between the various funds to more properly reflect the nature of the transactions.

#### Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs, are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### Pension and Other Postemployment Benefits

For purposes of measuring the net liabilities (asset), the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other postemployment benefits (OPEB), information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from the pension/OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension and OPEB amounts were further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Deferred Outflows/Inflows of Resources, Continued

In addition to liabilities, the statement of financial position and/or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Net Position

The District classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Education has the authority to revisit or alter this designation.

#### Fund Balance Classification

The District reports fund balances in accordance with GASB Statement No. 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 a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 2. Summary of Significant Accounting Policies, Continued

#### Fund Balance Classification, Continued

- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Education delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

#### Estimates

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

### 3. Deposits and Investments

Kentucky Revised Statutes (KRS) permit the District to invest money subject to its control in obligations of the United States and its agencies, certificates of deposit or other interest-bearing accounts, bankers acceptances, commercial paper, bonds of the Commonwealth of Kentucky and its agencies, securities issued by a state or local government, mutual funds, exchange-traded funds, individual equity securities, and individual corporate bonds, as more fully described in Kentucky Revised Statute (KRS) KRS 66.480.

#### Deposits

The District's deposits (demand deposits accounts) are carried at cost, which approximates fair value. At June 30, 2024, the book balance of the District's bank deposits was \$12,222,595 and the bank balances were \$14,055,603. Of the bank balances, \$563,739 was covered by federal depository insurance and \$13,491,864 was collateralized by securities held by the pledging financial institution. There were no uninsured or uncollateralized balances.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 3. Deposits and Investments, Continued

#### Investments

At June 30, 2024, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years	
		Less Than 1	1-5
Fixed income:			
Bank certificates of deposit	\$ 16,849,413	\$ 16,616,736	\$ 232,677

#### Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy complies with KRS 66.480, which requires that investments be rated in one of the three highest categories by a competent rating agency. U.S. Government securities or obligations carry the explicit guarantee of the U.S. government and, therefore, are not considered to have credit risk exposure.

#### Custodial Credit Risk

The risk that an entity will not be able to recover the value of its investments that are in the possession of an outside party if the counterparty fails. The District averts this risk by maintaining all investments in the entity's name.

#### Interest Rate Risk

The risk that changes in market interest rates will adversely affect the fair value of an investment. The District's policy provides for coordinating investment maturities to closely match cash flow needs, and complies with KRS 66.480, which requires that corporate bonds, if any, have a maturity of no more than 10 years.

#### Concentration of Credit Risk

The risk of loss attributed to an over concentration in the portfolio of a security type or issuer. The District's policy is in compliance with KRS 66.480, which requires that amounts invested in individual equity securities may not exceed 25% of total equity securities in the portfolio; amounts invested in any one type of investment may not exceed 20% of the total portfolio; amounts invested in mutual funds, exchange traded funds, individual equity securities, and corporate bonds may not aggregately exceed 40% of the total portfolio; and amounts invested in any one issuer may not exceed 5% of the portfolio.

At year end, 100% of the District's investments were held in certificates of deposit at three financial institutions, which is allowable under KRS 66.480 (2)(d)2.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 3. Deposits and Investments, Continued

#### Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 2 or 3 inputs. The fair value measurements of the District's investments at June 30, 2024, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Fixed income:		
Bank certificates of deposit	\$ <u>16,849,413</u>	\$ <u>16,849,413</u>

The following is a description of the valuation methodologies used for the fair value measurements.

*Interest bearing cash and bank certificates of deposit:* The carrying amount approximated fair value due to the short-term highly-liquid nature.

#### Investment Earnings

Investment earnings for the year ended June 30, 2024, consisted of:

Governmental activities:	
Interest income	\$ 744,623
Business-type activities:	
Interest income	<u>779</u>
	\$ <u>745,402</u>

### 4. Restricted Assets

Certain of the District's assets are restricted for the following purpose:

Cash and cash equivalents:	
Debt Service Fund:	
Debt service	\$ <u>1,419,882</u>

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 5. Capital Assets

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

	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 1,856,739	\$ -	\$ -	\$ 1,856,739
Construction in progress	11,718,647	6,974,510	(1,884,631)	16,808,526
Total capital assets, not being depreciated	13,575,386	6,974,510	(1,884,631)	18,665,265
Capital assets, being depreciated:				
Land improvements	337,070	66,857	-	403,927
Buildings and improvements	61,520,264	1,877,926	(458,678)	62,939,512
Technology equipment	4,725,143	130,700	(506,593)	4,349,250
Vehicles	6,440,814	628,982	(224,540)	6,845,256
General equipment	6,702,189	252,085	(250,920)	6,703,354
Total capital assets, being depreciated	79,725,480	2,956,550	(1,440,731)	81,241,299
Less accumulated depreciation:				
Land improvements	(38,717)	(19,568)	-	(58,285)
Buildings and improvements	(28,154,039)	(1,492,442)	202,405	(29,444,076)
Technology equipment	(3,923,670)	(396,672)	503,210	(3,817,132)
Vehicles	(4,393,627)	(457,623)	224,540	(4,626,710)
General equipment	(3,133,886)	(330,407)	233,116	(3,231,177)
Total accumulated depreciation	(39,643,939)	(2,696,712)	1,163,271	(41,177,380)
Total capital assets, being depreciated, net	40,081,541	259,838	(277,460)	40,063,919
Governmental activities:				
Capital assets, net	\$ 53,656,927	\$ 7,234,348	\$ (2,162,091)	\$ 58,729,184
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Technology equipment	37,580	-	(3,386)	34,194
General equipment	1,683,429	82,680	(94,443)	1,671,666
Total capital assets, being depreciated	1,721,009	82,680	(97,829)	1,705,860
Less accumulated depreciation:				
Technology equipment	(26,484)	(4,576)	3,386	(27,674)
General equipment	(1,053,683)	(89,308)	94,443	(1,048,548)
Total accumulated depreciation	(1,080,167)	(93,884)	97,829	(1,076,222)
Business-type activities:				
Capital assets, net	\$ 640,842	\$ (11,204)	\$ -	\$ 629,638



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 5. Capital Assets, Continued

Depreciation expense was charged to governmental functions, as follows:

Instruction	\$ 355,897
Support services:	
Student	68,418
Instructional staff	68,492
District administration	99,044
School administration	628,954
Plant operation and maintenance	1,027,713
Student transportation	448,194
Total depreciation expense	<u>\$ 2,696,712</u>

### 6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Governmental activities:					
Long-term debt:					
School building revenue bonds	\$ 26,275,000	\$ -	\$ (1,585,000)	\$ 24,690,000	\$ 1,645,000
Deferred amounts:					
For issuance premiums	336,765	-	(43,788)	292,977	-
For issuance discounts	(141,570)	-	17,763	(123,807)	-
Total long-term debt	26,470,195	-	(1,611,025)	24,859,170	1,645,000
Compensated absences:					
Accrued sick leave	414,377	127,060	(101,471)	439,966	133,626
Total governmental activities	<u>\$ 26,884,572</u>	<u>\$ 127,060</u>	<u>\$ (1,712,496)</u>	<u>\$ 25,299,136</u>	<u>\$ 1,778,626</u>

Compensated absences are expected to be liquidated by the funds which incurred the related salary and wage costs.

#### School Building Revenue Bonds

The District is obligated to make payments in amounts equal to annual debt service requirements on bonds issued by the Grayson County School District Finance Corporation and the Kentucky School Facilities Construction Commission (Commission) to construct or renovate school facilities. The District has an option to purchase the properties at any time by retiring the bonds outstanding. These payments are recorded in the Debt Service Fund.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 6. Long-Term Liabilities, Continued

#### School Building Revenue Bonds, Continued

In addition, the District has entered into participation agreements with the Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs.

A summary of District and Commission bond activity for the year ended June 30, 2024, is as follows:

		<u>District</u>	<u>Commission</u>	<u>Total</u>
Balance, June 30, 2023	\$	22,871,239	\$ 3,403,761	\$ 26,275,000
Retired		<u>(1,320,642)</u>	<u>(264,358)</u>	<u>(1,585,000)</u>
Balance, June 30, 2024	\$	<u>21,550,597</u>	<u>\$ 3,139,403</u>	<u>\$ 24,690,000</u>

A summary of the interest rates, maturities, and balances is as follows:

			<u>Balance, June 30, 2024</u>		
	<u>Range of Interest Rates</u>	<u>Final Maturity</u>	<u>District</u>	<u>Commission</u>	<u>Total</u>
2011A Issue	4.90%	2026	\$ 1,920,000	\$ -	\$ 1,920,000
2013 Issue	2.00 – 4.000%	2034	4,180,062	949,938	5,130,000
2015 Issue	1.30 – 3.500%	2035	492,440	352,560	845,000
2016R Issue	1.00 – 3.000%	2029	5,380,577	549,423	5,930,000
2017R Issue	2.25 – 3.000%	2028	1,290,000	-	1,290,000
2018 Issue	2.50 – 4.000%	2039	824,677	490,323	1,315,000
2020 Issue	2.85%	2040	1,025,000	-	1,025,000
2022 Issue	2.20 – 5.000%	2042	2,192,841	797,159	2,990,000
2023 Issue	3.75-5.000%	2044	4,245,000	-	4,245,000
			<u>\$ 21,550,597</u>	<u>\$ 3,139,403</u>	<u>\$ 24,690,000</u>

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 6. Long-Term Liabilities, Continued

#### School Building Revenue Bonds, Continued

Year Ending June 30,	Grayson County School District			Kentucky School Facility Construction Commission			Total
	Principal	Interest	District Total	Principal	Interest	Commission Total	
2025	\$ 1,373,145	689,478	2,062,623	271,855	200,377	472,232	2,534,855
2026	3,604,913	644,624	4,249,537	280,087	145,106	425,193	4,674,730
2027	1,806,180	592,320	2,398,500	288,820	89,334	378,154	2,776,654
2028	1,852,065	539,400	2,391,465	297,935	80,217	378,152	2,769,617
2029	1,567,503	483,927	2,051,430	307,497	70,656	378,153	2,429,583
2030- 2034	5,490,574	1,643,697	7,134,271	1,054,426	223,607	1,278,033	8,412,304
2035- 2039	4,775,872	692,319	5,468,191	469,128	77,265	546,393	6,014,584
2040- 2044	1,080,345	112,906	1,193,251	169,655	12,880	182,535	1,375,786
	<u>\$ 21,550,597</u>	<u>\$ 5,398,671</u>	<u>\$ 26,949,268</u>	<u>\$ 3,139,403</u>	<u>\$ 899,442</u>	<u>\$ 4,038,845</u>	<u>\$ 30,988,113</u>

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The amount of interest expense on bonds for the year ended June 30, 2024, totaled \$945,403, of which \$831,609 was incurred by the District, and \$113,794 was paid by the Commission.

In connection with the American Recovery and Reinvestment Act of 2009 (Act), the District issued the Series 2011A Qualified Zone Academy Bonds. Under the Act, state and local governments were authorized to issue taxable bonds to finance capital expenditures for which they could otherwise issue tax-exempt bonds, and receive from the IRS a direct interest subsidy totaling 100% of the total coupon interest paid to investors. The interest subsidy for fiscal year 2024 totaled \$89,294 (coupon interest of \$94,080, less a reduction of \$4,786, due to sequestration). Remaining interest subsidies through maturity of the bonds, assuming no further sequestration reductions, are as follows:

Year Ending June 30:	
2025	\$ 94,080
2026	<u>47,040</u>
	<u>\$ 141,120</u>

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 6. Long-Term Liabilities, Continued

#### Compensated Absences

Upon retirement, as defined by the Teachers' Retirement System of the State of Kentucky or the County Employees Retirement System, certified and classified employees received an amount equal to 30% of the value of accumulated sick leave based on the individual final salary. This liability totaled \$439,966 at June 30, 2024, and is recorded as a long-term liability in the district-wide financial statements. Unused accumulated vacation leave does not vest and, therefore, is not recorded as a liability in the financial statements.

For governmental fund financial statements, the amount of compensated absences recorded as a liability would be the amount expected to be paid using expendable available resources. These obligations for June 30, 2024, were paid prior to fiscal year end and, therefore, no amount has been accrued in the governmental fund financial statements.

### 7. Interfund Receivables and Payables

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 227,756	\$ -
Special Revenue Fund	<u>-</u>	<u>227,756</u>
	<u>\$ 227,756</u>	<u>\$ 227,756</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

### 8. Pension Benefits – Teachers' Retirement System of the State of Kentucky

#### Plan Description

Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—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 state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

#### Benefits Provided

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members 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 members (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 is less than ten years. New members after July 1, 2002, who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004, and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date. Effective January 1, 2022, the System again amended the benefit structure for members 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. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members.

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

#### Contributions

Contribution rates are established by Kentucky Revised Statutes. Members in tiers 1, 2 and 3 are required to contribute 12.855% of their salaries to TRS for the year ended June 30, 2024. Beginning January 1, 2022, members in tier 4 are required to contribute 14.75% of their salaries. The State, as a non-employer contributing entity, contributes 13.105% of the salaries of school district members who joined before July 1, 2008, 14.105% for those who joined between July 1, 2008 and December 31, 2021, and 10.75% for those joining thereafter. For local school district TRS members whose salaries are federally funded, the District contributes the applicable percentage of salaries based on the employee’s tier.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

#### Contributions, Continued

If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

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

Because the State, as a non-employer contributing entity, is required by Kentucky Revised Statutes to contribute 100% of the District’s contractually required contributions, the District reports no pension liabilities, pension expenses, deferred outflows of resources, or deferred inflows of resources related to TRS.

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2024, was as follows:

District’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the District	<u>76,346,093</u>
Total	<u>\$ 76,346,093</u>

The net pension liability 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 June 30, 2022. The net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2023, the measurement date, the District’s proportion of the TRS net pension liability was .4481%, an decrease of .026% from its proportion measured as of June 30, 2022, of .4741%.

For the year ended June 30, 2024, the District recognized on-behalf pension expense and revenue of \$4,592,308 for contributions provided by the State.

#### Actuarial Assumptions

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

#### Actuarial Assumptions, Continued

Inflation	2.50%
Salary increases, including inflation	3.00 to 7.50%
Long-term investment rate of return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	3.37%
Measurement Date	3.66%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

#### Actuarial Assumptions, Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equity	35.4%	5.0%
Small Cap U.S. equity	2.6	5.5%
Developed International Equity	15.7	5.5%
Emerging Markets Equity	5.3	6.1%
Fixed income	15.0	1.9%
High Yield Bonds	5.0	3.8%
Other Additional categories	5.0	3.6%
Real estate	7.0	3.2%
Private equity	7.0	8.0%
Cash	<u>2.0</u>	1.6%
	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability (TPL) as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. TRS assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the State’s Proportionate Share of the District’s Net Pension Liability to Changes in the Discount Rate

The following presents the State’s proportionate share of the net pension liability associated with the District using the discount rate of 7.10%, as well as what the State’s proportionate share of the net pension liability associated with the District 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:



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

#### Sensitivity of the State’s Proportionate Share of the District’s Net Pension Liability to Changes in the Discount Rate, Continued

	<u>Discount rate</u>	<u>State’s proportionate share of net pension liability associated with the District</u>
1% decrease	6.10%	\$98,104,269
Current discount rate	7.10%	\$76,346,093
1% increase	8.10%	\$58,229,303

#### Plan Fiduciary Net Position

Detailed information about the TRS fiduciary net position is available in the publicly available financial report.

#### Payable to the Pension Plan

Because the State is required by statute to contribute 100% of the District’s contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2024.

### 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky

#### Medical Insurance Plan (MIP)

*Plan description* – In addition to the pension benefits described in Note 6, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The MIP 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 MIP 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.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 9. **Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

#### Medical Insurance Plan (MIP), Continued

*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 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.

At June 30, 2024, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

#### Life Insurance Plan (LIP)

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

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

*Contributions* – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the State. Employers do not contribute to the LIP.

At June 30, 2024, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

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

At June 30, 2024, the District reported a liability of \$5,739,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2023, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2023 measurement date, the District’s proportion was 0.235617 %, a decrease of 0.106691% from its proportion measured as of June 30, 2022, of .342308%.

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

	<u>MIP</u>	<u>LIP</u>
District’s proportionate share of the net OPEB liability	\$ 5,739,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	<u>4,837,000</u>	<u>120,000</u>
Total	<u>\$ 10,576,000</u>	<u>\$ 120,000</u>

For the year ended June 30, 2024, the District recognized MIP OPEB expense (credit) of \$(177,413). In addition, on-behalf MIP and LIP OPEB revenue and expense for support provided by the State totaled \$376,298 and \$11,905 for the year ended June 30, 2024. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,945,000
Changes of assumptions	1,305,000	-
Net difference between projected and actual earnings on plan investments	107,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,055,000	3,137,000
District contributions subsequent to the measurement date	453,156	-
Total	\$ 3,920,156	\$ 5,082,000

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$1,603,523 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 MIP OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

Year ended June 30,	
2025	\$ (507,000)
2026	(458,000)
2027	(71,000)
2028	(82,000)
2029	(232,000)
Thereafter	(265,000)
	\$ 1,615,000

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

*Actuarial assumptions* – The total MIP and LIP OPEB liabilities in the June 30, 2022, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.00 – 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation:	
MIP	7.10%
LIP	7.10%
Municipal Bond Index Rate	3.66%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation (Discount rate):	
MIP	7.10%
LIP	7.10%
MIP Health Care Cost Trends:	
Medical Trend	6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032
Medicare Part B Premiums	1.55% for FY 2023 with an ultimate rate of 4.50% by 2034

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, deferred vested retirees, and active members.

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

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

The long-term expected rate of return on Health Trust and Life Trust 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’s investment consultant, are summarized in the following table:

Asset Class	Target Allocation		30 Year Expected Geometric Real Rate of Return	
	MIP	LIP	MIP	LIP
U.S. Equity	38.0	40.0	10.5%	5.2%
International Equity	15.0	15.0	5.5%	5.5%
Emerging Markets Equity	5.0	5.0	6.1%	6.1%
Fixed Income	9.0	21.0	1.9%	1.9%
Real Estate	6.5	7.0	3.2%	3.2%
Private Equity	8.5	5.0	8.0%	8.0%
High Yield	8.0	-	3.8%	-
Additional Categories	9.0	5.0	3.7%	4.0%
Cash	1.0	2.0	1.6%	1.6%
Total	100%	100%		

*Discount rate* - The discount rate used to measure the total MIP and LIP OPEB liabilities 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 MIP employer

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plans’ fiduciary net position were 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 liabilities.

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

	<u>1% decrease (6.10%)</u>	<u>Current discount rate (7.10%)</u>	<u>1% increase (8.10%)</u>
Net MIP OPEB liability	\$ 7,381,000	\$ 5,739,000	\$ 4,381,000

*Sensitivity of the District’s proportionate share of the collective net MIP OPEB liability to changes in the healthcare cost trend rates* – The following presents the District’s proportionate share of the collective net MIP OPEB liability, as well as what the District’s proportionate share of the collective net MIP 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 trend rate</u>	<u>1% increase</u>
Net MIP OPEB liability	\$ 4,131,000	\$ 5,739,000	\$ 7,740,000

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

#### Payable to the OPEB Plans

The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2024.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System

#### Plan Description

The District contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension/OPEB plan administered by the Kentucky Public Pensions Authority (KPPA) that covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. KPPA issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

#### Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service as fully described in the plan documents.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

#### Contributions

State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KPPA Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 78.635.

The District's actuarially determined contribution rates and contribution amounts applicable to fiscal year 2024 were based on annual creditable compensation for the year ended June 30, 2023, were as follows:

	Contribution Rates	Contributions
Pension	23.34%	\$ 1,559,390
OPEB	0.00	-
Total	23.34%	\$ 1,559,390



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

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

The net pension liability and OPEB asset reported as of June 30, 2024, were measured as of June 30, 2023, and the total pension liability and OPEB asset used to calculate the net pension liability and OPEB asset was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the asset and liability was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. Changes in the District's pension and OPEB proportions as of the measurement dates were as follows:

	<u>Pension</u>	<u>OPEB</u>
June 30, 2022	0.221090%	0.221051%
Increase	<u>0.010102</u>	<u>0.010133</u>
June 30, 2023	<u>0.231192%</u>	<u>0.231184%</u>

The District's pension liability and OPEB asset and expense as of and for the year ended June 30, 2024, were as follows:

	<u>Net Pension Liability</u>	<u>Net OPEB (Asset)</u>
Proportionate Share	\$ <u>14,834,454</u>	\$ <u>(319,188)</u>
Pension/OPEB Expense	\$ <u>1,205,114</u>	\$ <u>(684,199)</u>

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

#### Assets, Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB, Continued

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 767,951	\$ 40,309	\$ 222,522	\$ 4,532,152
Changes of assumptions	-	1,359,588	628,140	437,751
Net difference between projected and actual earnings on plan investments	-	202,350	-	74,078
Changes in proportion and differences between contributions and proportionate share of contributions	519,785	6,063	189,978	48,468
Contributions subsequent to the measurement date	1,559,390	-	-	-
Total	\$ 2,847,126	\$ 1,608,310	\$ 1,040,640	\$ 5,092,449

The \$1,559,390 and \$- of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and increase in OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2025	\$ (153,450)	\$ (1,003,162)
2026	(354,677)	(1,261,309)
2027	331,165	(948,218)
2028	(143,612)	(839,120)
	\$ (320,574)	\$ (4,051,809)

#### Actuarial Assumptions

The total pension liability and OPEB asset in the June 30, 2022, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

#### Actuarial Assumptions, Continued

Inflation	2.50%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Net investment rate	6.50%
Healthcare trend rates (OPEB)	Pre-65: Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post-65: Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Pension and OPEB: The mortality table used for active members was a 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 nondisabled retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled retired 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-2020 mortality improvement scale using a base year of 2010.

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

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

#### Actuarial Assumptions, Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public equity	50.00	5.90%
Private equity	10.00	11.73%
	<u>60.00</u>	
Fixed income		
Core fixed income	10.00	2.45%
Specialty credit	10.00	3.65%
Cash	0.00	1.39%
	<u>20.00</u>	
Inflation protected		
Real estate	7.00	4.99%
Real return	13.00	5.15%
	<u>20.00</u>	
Total	<u>100.00%</u>	

#### Discount Rate

The discount rates used to measure the total pension liability and OPEB asset at the measurement dates and changes since the prior year were as follows:

	Pension	OPEB
Discount rate, June 30, 2022	6.25%	5.70%
Increase	0.25	0.23
Discount rate, June 30, 2023	<u>6.50%</u>	<u>5.93%</u>

The discount rate of 6.50% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.93% used to measure the total OPEB asset was based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

#### Discount Rate, Continued

The projection of cash flows used to determine the pension discount rate assumed that the funds would receive the required employer contributions in each future year, as determined by the current funding policy established in Statute last amended by House Bill 362 (passed in 2018). The projection of cash flows used to determine the OPEB discount rate assumed that employers would contribute the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

#### Sensitivity of the District's Proportionate Share of the Liabilities to Changes in the Discount Rate

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

	District's Proportionate Share			
	Discount Rate	Net pension Liability	Discount Rate	Net OPEB (Asset) Liability
1% decrease	5.50%	\$ 18,729,395	4.93%	\$ 598,994
Current discount rate	6.50%	\$ 14,834,454	5.93%	\$ (319,188)
1% increase	7.50%	\$ 11,597,612	6.93%	\$ (1,088,053)

#### Sensitivity of the District's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

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

	Healthcare Cost Trend Rates	District's Proportionate Share of Net OPEB (Asset) Liability
1% decrease	5.80% Pre-65 and 7.50% Post-65	\$ (1,023,053)
Current healthcare cost trend rates	6.80% Pre-65 and 8.50% Post-65	\$ (319,188)
1% increase	7.80% Pre-65 and 9.50% Post-65	\$ 545,444

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

#### Plan Fiduciary Net Position

Detailed information about the CERS fiduciary net position is available in the separately issued KPPA Annual Comprehensive Financial Report.

#### Payables to the Pension/OPEB Plans

The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2024.

<u>Pension</u>	<u>OPEB</u>
\$ <u>-</u>	\$ <u>-</u>

### 11. On-Behalf Payments

Payments are made by the Commonwealth of Kentucky for various purposes on behalf of the District. These on-behalf payments are budgeted and recorded as revenue and expense in the governmental and proprietary funds of the District, and are comprised of the following for the year ended June 30, 2024:

TRS:	
Pension	\$ 4,592,307
Retiree health insurance	376,298
Retiree life insurance	11,905
Health insurance	5,107,509
HRA and administrative fees	290,754
State life insurance	7,239
Technology	124,878
KSFCC debt service	<u>378,152</u>
	\$ <u>10,889,042</u>

### 12. Deferred Compensation

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 13. Fund Balance Classification

The composition of the fund balance classifications at June 30, 2024, are as follows:

	Major Governmental Funds			Total Major Governmental Funds
	General Fund	Special Revenue Fund	Construction Fund	
Fund balances:				
Nonspendable:				
Prepaid expenses	\$ 123,034	\$ -	\$ -	\$ 123,034
	<u>123,034</u>	<u>-</u>	<u>-</u>	<u>123,034</u>
Restricted for:				
Future capital needs	-	-	1,491,055	1,491,055
Sick leave	219,983	-	-	219,983
Other	3,000	-	-	3,000
Technology	-	419,512	-	419,512
	<u>222,983</u>	<u>419,512</u>	<u>1,491,055</u>	<u>2,133,550</u>
Assigned:				
Site based carryforward	22,327	-	-	22,327
Purchase obligations	12,317	-	-	12,317
Other	146,470	-	-	146,470
	<u>181,114</u>	<u>-</u>	<u>-</u>	<u>181,114</u>
Unassigned	13,724,900	-	-	13,724,900
Total fund balances	\$ <u>14,252,031</u>	\$ <u>419,512</u>	\$ <u>1,491,055</u>	\$ <u>16,162,598</u>

	Nonmajor Governmental Funds					Total Non-major Govt. Funds	Total
	District Activity Fund	School Activity Fund	FSPK Building Fund	SEEK Capital Outlay Fund	Debt Service Fund		
Fund balances:							
Nonspendable:							
Prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,034
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,034</u>
Restricted for:							
Future capital needs	-	-	1,080,478	757,108	1,423,803	3,261,389	4,752,444
Sick leave	-	-	-	-	-	-	219,983
Other	-	245,543	-	-	-	245,543	248,543
Technology	-	-	-	-	-	-	419,512
	<u>-</u>	<u>245,543</u>	<u>1,080,478</u>	<u>757,108</u>	<u>1,423,803</u>	<u>3,506,932</u>	<u>5,640,482</u>
Assigned:							
Site based carryforward	-	-	-	-	-	-	22,327
Purchase obligations	-	-	-	-	-	-	12,317
Other	21,413	-	-	-	-	21,413	167,883
	<u>21,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,413</u>	<u>202,527</u>
Unassigned	-	-	-	-	-	-	13,724,900
Total fund balances	\$ <u>21,413</u>	\$ <u>245,543</u>	\$ <u>1,080,478</u>	\$ <u>757,108</u>	\$ <u>1,423,803</u>	\$ <u>3,528,345</u>	\$ <u>19,690,943</u>

The District had no committed fund balances at June 30, 2024.

The District has \$12,317 of encumbrances of operating funds in major and nonmajor funds at June 30, 2024, rolled over into the next fiscal year.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

### 14. Net Position Deficit

The net position deficits reported by the Food Service Fund and Daycare Fund in the amounts of \$(386,363) and \$(48,217), respectively, resulted from the recording of the net pension and other post employment benefits liabilities.

### 15. Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Transfers in:						
Major Governmental Fund				Nonmajor Governmental Fund		
General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Total		
<u>Transfers out:</u>						
Major Governmental Funds:						
General Fund	\$ -	\$ 72,529	\$ 1,469,134	\$ -	\$ 1,541,663	
Special Revenue Fund	-	-	2,862,035	-	<u>2,862,035</u>	
					<u>4,403,698</u>	
Nonmajor Governmental Funds:						
FSPK Building Fund	-	-	-	2,308,625	2,308,625	
Food Service Fund	<u>156,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,981</u>	
					<u>2,465,606</u>	
	\$ <u>156,981</u>	\$ <u>72,529</u>	\$ <u>4,331,169</u>	\$ <u>2,308,625</u>	\$ <u>6,869,304</u>	

Transfers are used to: 1) move revenues from the funds with collection authorization to the funds where budgetary authorizations exist for disbursement; and 2) to move unrestricted General Fund revenues to programs accounted for in other funds for which the General Fund provides subsidies or matching funds.



# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### 16. 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. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. 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.

### 17. Contingencies

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

### 18. Commitments

During fiscal year 2024, the District entered into construction contracts totaling \$14,132,518 for various facility improvements. Remaining commitments under these contracts totaled \$1,070,044 at June 30, 2024, of which \$401,336 was included in accounts payable in the Construction Fund.

### 19. Accounting Standard Effective in Future Period

The following recently issued accounting standards are expected to impact the financial statements of the District in future periods:

GASBS No. 101 *Compensated Absences*

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*. The Statement was issued to update the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is currently evaluating the impact that the Statement will have on its financial statements.

# GRAYSON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

---

### **20. Impact of COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The District provided in-person instruction, nontraditional instruction, and hybrid in-person instruction throughout the next two school years. The District was awarded significant federal funds to address the needs and extra costs of the pandemic. Although the District is now back to regular operations, the additional federal funds are still being expended.

**GRAYSON COUNTY SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 7,734,000	\$ 8,184,000	\$ 9,017,891	\$ 833,891
Utility taxes	1,800,000	1,800,000	2,106,184	306,184
Earnings on investments	50,000	50,000	184,910	134,910
Other local revenue	32,000	27,000	304,094	277,094
State aid	17,900,000	17,900,000	28,196,660	10,296,660
Federal aid	150,000	150,000	297,597	147,597
Total revenues	27,666,000	28,111,000	40,107,336	11,996,336
Expenditures:				
Instruction	18,074,563	18,903,649	23,099,297	(4,195,648)
Support services:				
Student	1,755,030	1,450,430	1,834,255	(383,825)
Instructional staff	1,613,645	1,827,995	1,734,969	93,026
District administration	1,269,179	1,294,500	1,203,361	91,139
School administration	1,468,760	1,436,760	1,853,807	(417,047)
Business	756,800	856,700	806,222	50,478
Plant operation and maintenance	4,655,375	4,805,625	3,661,703	1,143,922
Student transportation	3,683,110	4,504,300	3,600,784	903,516
Community services	54,110	54,110	19,871	34,239
Debt service	210,000	210,000	-	210,000
Contingency	2,092,059	-	-	-
Building renovations / additions	3,643,000	2,430,000	-	2,430,000
Total expenditures	39,275,631	37,774,069	37,814,269	(40,200)
Excess (deficiency) of revenues over expenditures	(11,609,631)	(9,663,069)	2,293,067	11,956,136
Other financing sources (uses):				
Proceeds from sale of capital assets	5,000	5,000	12,670	7,670
Operating transfers in	120,000	120,000	156,981	36,981
Operating transfers out	(232,209)	(232,209)	(1,541,663)	(1,309,454)
Total other financing sources (uses)	(107,209)	(107,209)	(1,372,012)	(1,264,803)
Net change in fund balance	(11,716,840)	(9,770,278)	921,055	10,691,333
Fund balance, June 30, 2023	13,330,976	13,330,976	13,330,976	-
Fund balance, June 30, 2024	\$ 1,614,136	\$ 3,560,698	\$ 14,252,031	\$ 10,691,333

**GRAYSON COUNTY SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

Year Ended June 30, 2024

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 188	\$ 188
Other local revenue	-	18,000	10,175	(7,825)
State aid	2,034,473	2,040,266	1,974,048	(66,218)
Federal aid	<u>3,342,889</u>	<u>3,434,841</u>	<u>8,628,582</u>	<u>5,193,741</u>
Total revenues	<u>5,377,362</u>	<u>5,493,107</u>	<u>10,612,993</u>	<u>5,119,886</u>
Expenditures:				
Instruction	4,169,291	4,238,891	6,420,482	(2,181,591)
Support services:				
Student	176,684	215,561	367,271	(151,710)
Instructional staff	382,940	443,322	377,800	65,522
District administration	7,599	1,039	224	815
School administration	113,875	99,825	81,992	17,833
Plant operation and maintenance	154,760	160,650	119,592	41,058
Student transportation	-	-	289	(289)
Community services	<u>405,362</u>	<u>406,348</u>	<u>387,576</u>	<u>18,772</u>
Total expenditures	<u>5,410,511</u>	<u>5,565,636</u>	<u>7,755,226</u>	<u>(2,189,590)</u>
Excess (deficiency) of revenues over expenditures	<u>(33,149)</u>	<u>(72,529)</u>	<u>2,857,767</u>	<u>2,930,296</u>
Other financing sources (uses):				
Operating transfers in	33,149	72,529	72,529	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(2,862,035)</u>	<u>(2,862,035)</u>
Total other financing sources (uses)	<u>33,149</u>	<u>72,529</u>	<u>(2,789,506)</u>	<u>(2,862,035)</u>
Net change in fund balance	-	-	68,261	68,261
Fund balance, June 30, 2023	<u>351,251</u>	<u>351,251</u>	<u>351,251</u>	<u>-</u>
Fund balance, June 30, 2024	\$ <u><u>351,251</u></u>	\$ <u><u>351,251</u></u>	\$ <u><u>419,512</u></u>	\$ <u><u>68,261</u></u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>76,346,093</u>	<u>80,325,143</u>	<u>60,133,145</u>	<u>71,048,973</u>	<u>70,347,566</u>	<u>69,266,079</u>	<u>143,273,245</u>	<u>156,906,059</u>	<u>122,563,516</u>	<u>112,419,575</u>
Total	<u>\$ 76,346,093</u>	<u>\$ 80,325,143</u>	<u>\$ 60,133,145</u>	<u>\$ 71,048,973</u>	<u>\$ 70,347,566</u>	<u>\$ 69,266,079</u>	<u>\$ 143,273,245</u>	<u>\$ 156,906,059</u>	<u>\$ 122,563,516</u>	<u>\$ 112,419,575</u>
District's covered payroll	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859	\$ 17,138,893	\$ 16,756,423	\$ 16,448,790
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,105,231	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	17,124,859	\$ 17,138,893	\$ 16,756,423
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

	Last 10 Fiscal Years *						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u><b>MEDICAL INSURANCE PLAN (MIP)</b></u>							
District's proportion of the plan total net MIP OPEB liability	0.235617%	0.342308%	0.246506%	0.268496%	0.275063%	0.235742%	0.281352%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 5,739,000	\$ 8,498,000	\$ 5,289,000	\$ 6,776,000	\$ 8,051,000	\$ 9,491,000	\$ 10,032,000
State's proportionate share of the net MIP OPEB liability associated with the District	<u>4,837,000</u>	<u>2,792,000</u>	<u>4,296,000</u>	<u>5,428,000</u>	<u>6,501,000</u>	<u>8,180,000</u>	<u>8,195,000</u>
Total	<u>\$ 10,576,000</u>	<u>\$ 11,290,000</u>	<u>\$ 9,585,000</u>	<u>\$ 12,204,000</u>	<u>\$ 14,552,000</u>	<u>\$ 17,671,000</u>	<u>\$ 18,227,000</u>
District's covered payroll	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859
District's proportionate share of the net MIP OPEB liability as a percentage of its covered payroll	38.61%	56.13%	36.26%	40.65%	47.58%	55.95%	58.58%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
<u><b>LIFE INSURANCE PLAN (LIP)</b></u>							
District's proportion of the plan total net LIP OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net LIP OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	<u>120,000</u>	<u>139,000</u>	<u>57,000</u>	<u>164,000</u>	<u>471,000</u>	<u>419,000</u>	<u>327,000</u>
Total	<u>\$ 120,000</u>	<u>\$ 139,000</u>	<u>\$ 57,000</u>	<u>\$ 164,000</u>	<u>\$ 471,000</u>	<u>\$ 419,000</u>	<u>\$ 327,000</u>
District's covered payroll	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859
District's proportionate share of the net LIP OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

\* Presented for those years for which the information is available.

**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years \*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>							
District's contractually required contributions	\$ 453,156	\$ 445,945	\$ 454,175	\$ 437,550	\$ 500,027	\$ 507,672	\$ 508,846
District's contributions in relation to the contractually required contributions	<u>(453,156)</u>	<u>(445,945)</u>	<u>(454,175)</u>	<u>(437,550)</u>	<u>(500,027)</u>	<u>(507,672)</u>	<u>(508,846)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 15,105,231	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (LIP)</u>							
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<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>
District's covered payroll	\$ 15,105,231	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* Presented for those years for which the information is available.



## GRAYSON COUNTY SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Year Ended June 30, 2024

#### PENSION

##### Changes of Benefit Terms

2016-2024 None

##### Changes of Assumptions

2024	The municipal bond index rate decreased from 3.37% to 3.66%.
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The inflation rate decreased from 3.00% to 2.50%. The salary increases changed from 3.50%-7.30% to 3.00%-7.50%. The long-term investment rate of return decreased from 7.50% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 7.50% to 7.10%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. The discount rate increased from 4.49% to 7.50%.
2018	None
2017	The municipal bond index rate decreased from 3.82% to 3.01%. The discount rate decreased from 4.88% to 4.20%.
2016	None

#### MEDICAL INSURANCE PLAN (MIP)

##### Changes of Benefit Terms

2019-2024 None

2018	With the passage of Kentucky House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, is restored, but the State will only finance, via its KEHP "shared responsibility" calculations, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.
------	---

##### Changes of Assumptions

2024	The municipal bond index rate increased from 3.37% to 3.66%. Health Care Cost Trends increased from 5.125% to 6.75%. Health Care Cost Trends for Medicare Part B Premiums increased from 6.97% to 1.55%.
2023	The municipal bond index rate increased from 2.13% to 3.37%. Health Care Cost Trends for Ages 65 and Older increased from 5.0% to 5.125%. Health Care Cost Trends for Medicare Part B Premiums increased from 4.40% to 6.97%.
2022	The inflation rate decreased from 3.00% to 2.50%. The real wage growth rate decreased from .50% to .25%. The wage inflation rate decreased from 3.50% to 2.75%. The salary increases changed from 3.50%-7.20% to 3.00%-7.50%. The long-term investment rate of return decreased from 8.00% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 8.00% to 7.10%. Health Care Cost Trends for Under Age 65 decreased from 7.25% to 7.00%. Health Care Cost Trends for Ages 65 and Older decreased from 5.25% to 5.00%. Health Care Cost Trends for Medicare Part B Premiums decreased from 6.49% to 4.40%.

## GRAYSON COUNTY SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY, CONTINUED

Year Ended June 30, 2024

---

#### Changes of Assumptions, Continued

2021	The municipal bond index rate decreased from 3.50% to 2.19%. Health Care Cost Trends for Under Age 65 decreased from 7.50% to 7.25%. Health Care Cost Trends for Ages 65 and Older decreased from 5.50% to 5.25%. Health Care Cost Trends for Medicare Part B Premiums increased from 2.63% to 6.49%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%. Health Care Cost Trends for Under Age 65 decreased from 7.75% to 7.50%. Health Care Cost Trends for Ages 65 and Older decreased from 5.75% to 5.50%. Health Care Cost Trends for Medicare Part B Premiums increased from 0.00% to 2.63%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. Health Care Cost Trends for Medicare Part B Premiums decreased from 1.02% to 0.00%.
2018	None

#### LIFE INSURANCE PLAN (LIP)

##### Changes of Benefit Terms

2018-2024 None

##### Changes of Assumptions

2024	The municipal bond index rate increased from 3.37% to 3.66%.
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The inflation rate decreased from 3.00% to 2.50%. The real wage growth rate decreased from .50% to .25%. The wage inflation rate decreased from 3.50% to 2.75%. The salary increases changed from 3.50%-7.20% to 3.00%-7.50%. The long-term investment rate of return decreased from 7.50% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 7.50% to 7.10%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
PENSION FUND**

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.231192%	0.221090%	0.218107%	0.222560%	0.218247%	0.219444%	0.219247%	0.222807%	0.223167%	0.225779%
District's proportionate share of the net pension liability \$	14,834,454	\$ 15,982,626	\$ 13,906,032	\$ 17,070,168	\$ 15,349,409	\$ 13,364,808	\$ 12,833,201	\$ 10,970,143	\$ 9,595,109	\$ 7,325,000
District's covered payroll \$	6,792,005	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123	\$ 5,313,593	\$ 5,225,887	\$ 5,537,363
District's proportionate share of the net pension liability as a percentage of its covered payroll	218.41%	259.06%	248.94%	298.98%	277.78%	245.73%	240.41%	206.45%	183.61%	132.28%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	55.30%	55.50%	59.97%	66.80%

**GRAYSON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**PENSION FUND**

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,559,390	\$ 1,589,243	\$ 1,305,976	\$ 1,078,138	\$ 1,101,919	\$ 896,265	\$ 787,525	\$ 744,669	\$ 659,948	\$ 666,299
Contributions in relation to the contractually required contributions	<u>(1,559,390)</u>	<u>(1,589,243)</u>	<u>(1,305,976)</u>	<u>(1,078,138)</u>	<u>(1,101,919)</u>	<u>(896,265)</u>	<u>(787,525)</u>	<u>(744,669)</u>	<u>(659,948)</u>	<u>(666,299)</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 payroll	\$ 6,681,191	\$ 6,792,005	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123	\$ 5,313,593	\$ 5,225,887
Contributions as a percentage of covered payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
INSURANCE FUND**

Last 10 Fiscal Years \*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability (asset)	0.231184%	0.221051%	0.218056%	0.222496%	0.218190%	0.219435%	0.219247%
District's proportionate share of the net OPEB liability (asset)	\$ (319,188)	\$ 4,362,472	\$ 4,174,573	\$ 5,372,602	\$ 3,669,858	\$ 3,896,025	\$ 4,407,615
District's covered payroll	\$ 6,792,005	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.70%	70.71%	74.73%	94.10%	66.41%	71.64%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.4%

\* Presented for those years for which the information is available.

**GRAYSON COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
INSURANCE FUND

Last 10 Fiscal Years \*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ -	\$ 230,237	\$ 356,568	\$ 265,903	\$ 271,769	\$ 290,650	\$ 255,619
Contributions in relation to the contractually required contributions	<u>-</u>	<u>(230,237)</u>	<u>(356,568)</u>	<u>(265,903)</u>	<u>(271,769)</u>	<u>(290,650)</u>	<u>(255,619)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 6,681,191	\$ 6,792,005	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

\* Presented for those years for which the information is available.

**GRAYSON COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Year Ended June 30, 2024

Changes of Benefit Terms

2016-2024           None

Changes of Assumptions

2024 Pension and OPEB:

The assumed rate of inflation was increased from 2.30% to 2.50%.  
The assumed investment return was changed from 6.25% to 6.50%.  
The single discount rate changed from 6.25% to 6.50% for pension and from  
5.70% to 5.93% for OPEB.

OPEB:

Healthcare Trend Rates for Pre - 65 increased from 6.20% to 6.80%.  
Healthcare Trend Rates for Post - 65 decreased from 9.00% to 8.50%.

2023 OPEB:

The single discount rate changed from 5.20% to 5.70%.  
Healthcare Trend Rates for Pre - 65 decreased from 6.30% to 6.20%.  
Healthcare Trend Rates for Post - 65 increased from 6.30% to 9.00%.

2022 OPEB:

The single discount rate changed from 5.34% to 5.20%.

2021 OPEB:

The single discount rate changed from 5.68% to 5.34%.

2020 Pension and OPEB:

The salary increases assumption was changed from 3.05% to 3.30% - 10.30%.

OPEB:

The single discount rate changed from 5.85% to 5.68%.

2019 Pension and OPEB:

The salary increases assumption was changed from 2.00% to 3.05%.

OPEB:

The single discount rate changed from 5.84% to 5.85%.

2018 Pension and OPEB:

The assumed investment return was changed from 7.50% to 6.25%.  
The price inflation assumption was changed from 3.25% to 2.30%, which also resulted  
in a 0.95% decrease in the salary increase assumption at all years of service.  
The payroll growth assumption (applicable for the amortization of unfunded actuarial  
accrued liabilities) was changed from 4.00% to 2.00%.

OPEB:

The single discount rate changed from 6.89% to 5.84%.

2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.  
The assumed rate of inflation was reduced from 3.50% to 3.25%.  
The assumed rate of wage inflation was reduced from 1.00% to 0.75%.  
Payroll growth assumption was reduced from 4.50% to 4.00%.  
The assumed rates of Retirement, Withdrawal, and Disability were updated to more  
accurately reflect experience.

**GRAYSON COUNTY SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,248	\$ 245,543	\$ 757,108	\$ 1,080,478	\$ -	\$ 2,104,377
Accounts receivable:						
Other	165	-	-	-	3,921	4,086
Restricted cash and cash equivalents	-	-	-	-	1,419,882	1,419,882
<b>Total assets</b>	<u>\$ 21,413</u>	<u>\$ 245,543</u>	<u>\$ 757,108</u>	<u>\$ 1,080,478</u>	<u>\$ 1,423,803</u>	<u>\$ 3,528,345</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-
Fund balances:						
Restricted	-	245,543	757,108	1,080,478	1,423,803	3,506,932
Assigned	21,413	-	-	-	-	21,413
Total fund balances	<u>21,413</u>	<u>245,543</u>	<u>757,108</u>	<u>1,080,478</u>	<u>1,423,803</u>	<u>3,528,345</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 21,413</u>	<u>\$ 245,543</u>	<u>\$ 757,108</u>	<u>\$ 1,080,478</u>	<u>\$ 1,423,803</u>	<u>\$ 3,528,345</u>



**GRAYSON COUNTY SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 1,912,660	\$ -	\$ 1,912,660
Earnings on investments	-	-	-	477	36,544	37,021
Other local revenue	5,689	294,608	-	-	-	300,297
State aid	-	-	374,548	946,374	378,152	1,699,074
Federal aid	-	-	-	-	89,294	89,294
Total revenues	5,689	294,608	374,548	2,859,511	503,990	4,038,346
Expenditures:						
Instruction	4,320	293,087	-	-	-	297,407
Support services:						
Student	-	-	-	-	-	-
Instructional staff	-	-	-	-	-	-
District administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Architectural / engineering	-	-	-	-	-	-
Building renovations / additions	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	1,585,000	1,585,000
Interest	-	-	-	-	857,884	857,884
Total expenditures	4,320	293,087	-	-	2,442,884	2,740,291
Excess (deficiency) of revenues over expenditures	1,369	1,521	374,548	2,859,511	(1,938,894)	1,298,055
Other financing sources (uses):						
Operating transfers in	-	-	-	-	2,308,625	2,308,625
Operating transfers out	-	-	-	(2,308,625)	-	(2,308,625)
Total other financing sources (uses)	-	-	-	(2,308,625)	2,308,625	-
Net change in fund balances	1,369	1,521	374,548	550,886	369,731	1,298,055
Fund balance, June 30, 2023	20,044	244,022	382,560	529,592	1,054,072	2,230,290
Fund balances, June 30, 2024	\$ 21,413	\$ 245,543	\$ 757,108	\$ 1,080,478	\$ 1,423,803	\$ 3,528,345

**GRAYSON COUNTY SCHOOL DISTRICT**

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

SCHOOL ACTIVITY FUND

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
Caneyville Elementary	\$ 26,354	\$ 8,830	\$ 6,151	\$ 29,033	\$ -	\$ -	\$ -	\$ 29,033
Clarkson Elementary	35,448	61,356	62,124	34,680	-	-	-	34,680
Oran P. Lawler Elementary	28,882	38,189	39,648	27,423	-	-	-	27,423
H.W. Wilkey Elementary	14,589	25,969	23,261	17,297	-	-	-	17,297
Grayson County Middle	51,608	35,536	39,558	47,586	-	-	-	47,586
Grayson County High	87,141	124,728	122,345	89,524	-	-	-	89,524
	<u>\$ 244,022</u>	<u>\$ 294,608</u>	<u>\$ 293,087</u>	<u>\$ 245,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,543</u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE**

**GRAYSON COUNTY HIGH SCHOOL**

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
HIGGS SCHOLARSHIP	\$ 5,605	\$ -	\$ 1,000	\$ -	\$ 4,605	\$ -	\$ -	\$ -	\$ 4,605
JOURNALISM	3,016	-	120	-	2,896	-	-	-	2,896
YEARBOOK	29,922	6,070	6,188	(420)	29,384	-	-	-	29,384
BETA CLUB	1,081	1,922	1,055	-	1,948	-	-	-	1,948
FFA	17,608	46,426	47,331	(424)	16,279	-	-	-	16,279
FCCLA	1,698	28,062	26,639	330	3,451	-	-	-	3,451
JR HISTORICAL SOCIETY	426	80	408	-	98	-	-	-	98
PROM	14,209	16,260	12,701	-	17,768	-	-	-	17,768
POSTER MACHINE	-	-	-	-	-	-	-	-	-
DECA	547	1,234	1,901	514	394	-	-	-	394
HOSA	1,806	1,929	2,050	-	1,685	-	-	-	1,685
CARPENTRY	820	-	-	-	820	-	-	-	820
AUTO MECHANICS	106	-	-	-	106	-	-	-	106
MACHINING	91	-	-	-	91	-	-	-	91
WELDING	95	-	-	-	95	-	-	-	95
SENIOR CLASS	-	12,907	11,980	-	927	-	-	-	927
PEP CLUB	1,290	1,267	1,842	-	715	-	-	-	715
FRENCH CLUB	-	-	-	-	-	-	-	-	-
ART CLUB	406.00	1,612	1,800	-	218	-	-	-	218
RENAISSANCE	273	-	273	-	-	-	-	-	-
DISC GOLF	218.00	60	261	-	17	-	-	-	17
Rodeo Club	3,440	1,670	924	-	4,186	-	-	-	4,186
Memorial Walk	1,395	-	-	-	1,395	-	-	-	1,395
SCHOLARSHIP FUND	516	-	500	-	16	-	-	-	16
Y-CLUB	-	-	-	-	-	-	-	-	-
FIELD TRIP	-	-	-	-	-	-	-	-	-
CHORUS	-	295	295	-	-	-	-	-	-
ADMINISTRATION	1,218	46	171	-	1,093	-	-	-	1,093
BOOKS LOST OR STOLEN	-	-	-	-	-	-	-	-	-
SWEEP ACCT LIBRARY	-	-	-	-	-	-	-	-	-
SWEEP ACCT PARKING	-	590	590	-	-	-	-	-	-
PASSESTEACHER'S LOUNGE	387	-	387	-	-	-	-	-	-
STUDENT ACTIVITIES	968	4,298	3,929	-	1,337	-	-	-	1,337
	<u>\$ 87,141</u>	<u>\$ 124,728</u>	<u>\$ 122,345</u>	<u>\$ -</u>	<u>\$ 89,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,524</u>

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2024

<u>Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Fund Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>						
Passed through Kentucky Department of Agriculture:						
Food Donation	10.555	057502-02	51	-	\$ 202,691	\$ -
Child Nutrition Cluster:						
School Breakfast Program	10.553	7760005-23	51	-	201,897	-
School Breakfast Program	10.553	7760005-24	51	-	630,211	-
National School Lunch Program	10.555	7750002-23	51	-	521,268	-
National School Lunch Program	10.555	7750002-24	51	-	1,639,537	-
Supply Chain Assistance (COVID-19)	10.555	9980000-23	51	205XA	2,014	-
Summer Food Service Program for Children	10.559	7690024-23	51	209X	2,316	-
Summer Food Service Program for Children	10.559	7690024-24	51	209X	9,254	-
Summer Food Service Program for Children	10.559	7740023-23	51	209X	22,094	-
Summer Food Service Program for Children	10.559	7740023-24	51	209X	90,418	-
Total Child Nutrition Cluster					3,119,009	-
Passed through State Department of Education:						
Child and Adult Care Food Program	10.558	7790021-23	51	208XA	269,161	-
Child and Adult Care Food Program	10.558	7800016-23	51	208XA	18,683	-
					287,844	-
Warehouse and Storage and Distribution (COVID-19)	10.560	7700001-23	51	-	5,357	-
Total U.S. Department of Agriculture					\$ 3,614,901	\$ -
<u>U. S. Department of Education</u>						
Passed through Kentucky Department of Education:						
Title I Grants to Local Educational Agencies:						
Title I - Local Educational Agencies	84.010A	3100002-23	2	310K/KM	\$ 1,734,065	\$ -
					1,734,065	-
Special Education Cluster:						
Special Education - Grants to States:						
IDEA, Part B	84.027A	3810002-23	2	337K/KP	997,918	-
ARPA IDEA, Part B (COVID-19)	84.027X	4910002-21	2	478I/478IP	2,044	-
					999,962	-
Special Education - Preschool Grants:						
IDEA Preschool	84.173A	3800002-21	2	343I/IP	152	-
IDEA Preschool	84.173A	3800002-22	2	343J/JP	1,062	-
IDEA Preschool	84.173A	3800002-23	2	343K/KP	36,420	-
					37,634	-
Total Special Ed Cluster					1,037,596	-
Career and Technical Education - Basic Grants to States:						
Perkins - Part C (Carry-over)	84.048	3710002-23	2	348JA	5,901	-
Perkins - Part C	84.048	3710002-23	2	348K	71,338	-
					77,239	-
Rural & Low Income School Program:						
Title V Rural & Low Income	84.358B	3140002-23	2	350K	117,845	-
					117,845	-
Improving Teacher Quality State Grants:						
Title II	84.367A	3230002-21	2	401I/IP	7,660	-
Title II	84.367A	3230002-22	2	401J/JP	204,171	-
					211,831	-
21st Century Community Learning Centers	84.287	3400002-22	2	550J	95,202	-
					95,202	-

**GRAYSON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**

Year Ended June 30, 2024

<u>Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Fund Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U. S. Department of Education, Continued</u>						
Passed through Kentucky Department of Education, Continued:						
Student Support and Academic Enrichment Program:						
Title IV, Part A	84.424A	3420002-21	2	552I/IP	2,636	-
Title IV, Part A	84.424A	3420002-23	2	552K/KP	139,297	-
					<u>141,933</u>	<u>-</u>
Education Stabilization Fund (COVID -19):						
Elementary and Secondary School Emergency Relief Fund II	84.425D	4200002-21	2	554G/554GD	232,553	-
2021-2022 Digital Learning Coaches	84.425D	4200003-21	2	554GS	209,372	-
FY21 American Rescue Plan Elementary and Secondary						
School Emergency Relief Fund	84.425U	4300002-21	2	473G/473GL	4,785,473	-
2022-2023 Digital Learning Coaches	84.425U	4300005-21	2	473GD	4,444	-
2023-2024 Digital Learning Coaches	84.425U	4300005-21	2	473GW	5,019	-
FY22 American Rescue Plan Elementary and Secondary						
School Emergency Relief - Homeless Children and Youth	84.425W	4980002-21	2	476IC	23,007	-
					<u>5,259,868</u>	<u>-</u>
Total U.S. Department of Education					\$ <u>8,675,579</u>	\$ <u>-</u>
Total Federal Awards					\$ <u>12,290,480</u>	\$ <u>-</u>

Notes to Schedule of Expenditures of Federal Awards

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Grayson County School District (District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the District.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

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

Note D: Nonmonetary assistance for the Food Distribution Program is reported in the Schedule at the fair value of the commodities received.

**INDEPENDENT AUDITOR'S 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 of Education  
Grayson County School District  
Leitchfield, Kentucky

Kentucky State Committee for School District Audits  
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grayson County School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

## **Report on Internal Control Over Financial Reporting, Continued**

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.

We noted certain matters other than significant deficiencies and material weaknesses that we reported to management of the District in a separate letter dated November 7, 2024.

## **Purpose of this Report**

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

Owensboro, Kentucky  
November 7, 2024

*Riney Hancock CPAs PSC*

---

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

Members of the Board of Education  
Grayson County School District  
Leitchfield, Kentucky

Kentucky State Committee for School District Audits  
Frankfort, Kentucky

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of the 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 legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and, therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material



***Auditor's Responsibilities for the Audit of Compliance, Continued***

noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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.

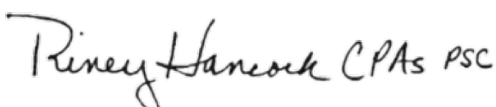
**Report on Internal Control Over Compliance**

*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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Handwritten signature of Riney Hancock in cursive script.

Owensboro, Kentucky  
November 7, 2024

# GRAYSON COUNTY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

### A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Grayson County School District (District) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's 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*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
  - Education Stabilization Fund:
    - 84.425D – Elementary and Secondary School Emergency Relief Fund
    - 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
    - 84.425W – American Rescue Plan Elementary and Secondary School Emergency Relief Fund – Homeless Children and Youth
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The District was determined to be a low-risk auditee.

### B. Findings - Financial Statements Audit

None

### C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2024

No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2023.

***[This page intentionally left blank]***

**APPENDIX F**

**GRAYSON COUNTY SCHOOL DISTRICT**

---

**Form of Bond Counsel Opinion**

***[This page intentionally left blank]***

April \_\_, 2025

Board of Education of Grayson County, Kentucky  
790 Shaw Station Road  
Leitchfield, Kentucky 42754

Region Bank  
1600 Division Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37203

Re: Board of Education of Grayson County, Kentucky  
General Obligation Bonds Series 2025.

We have acted as Bond Counsel in connection with the issuance by the Board of Education of Grayson County, Kentucky (the “Board”) as the governing body of the Grayson County School District (the “District”) of \$\_\_\_\_\_ of its Board of Education of Grayson County, Kentucky General Obligation Bonds Series 2025(the “Bonds”), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Bonds, payable semiannually on April 1 and October 1 of each year, beginning October 1, 2025, with principal amounts falling due on April 1 of the years 2026 to 2045, inclusive.. The Bonds will be issued under and in compliance with the laws of the Commonwealth of Kentucky (the “Commonwealth”), including Sections 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.191, Section 160.160 and Sections 162.010 through 162.387 of the Kentucky Revised Statutes (collectively the “Act”), and in accordance with a resolution (the “Bond Resolution” or “Resolution”) adopted by the Board and the proceeds thereof will be used to pay the cost to renovate, expand, improve and equip the District’s Area Vocational Education Center (the “Project”).

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent verification.

We have examined the transcript of proceedings of the Board in connection with the issuance of the Bonds, in fully registered form, as to both principal and interest, in the denomination of \$5,000 or any authorized multiple thereof within the same maturity, representing the total authorized principal amount of said Bonds, as issued and delivered, and an executed counterpart of the Bond Resolution.

We are of the opinion that the Board is duly organized under the laws of the Commonwealth of Kentucky and has the full power and authority to issue the Bonds for the purposes stated in the Bond Resolution, and to consummate the transactions contemplated thereunder, and that the Bonds and the Bond Resolution have been duly authorized, executed and delivered by the Board.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions and requirements on tax-exempt bonds, such as the Bonds, which include the manner of issuance of bonds, the expenditure and investment of the proceeds of bonds and the use of bond-financed facilities. In the Bond Resolution, the Board has made certain representations, warranties and covenants, respectively, to restrict the use of the proceeds of the Bonds in certain ways and to abide by certain guidelines which, if complied with, will insure that the interest on the Bonds will not become includable in gross income for Federal income tax purposes. For the purpose of this opinion, we assume compliance with such covenants and the accuracy of such representations and warranties.

Based on our examination of such proceedings and on applicable provisions of the Act, and decisions of the appellate courts of the Commonwealth of Kentucky, it is our opinion that the Bonds constitute valid and binding general obligations of the Board according to their terms and applicable provisions of Kentucky law; the Bond Resolution is a valid and legally binding instrument and the Board has become obligated and bound thereunder; that the full faith and credit of the Board is irrevocably pledged for the payment of principal of and interest on the Bonds; that the Board is required by Section 159 of the Constitution of Kentucky to levy annually a special tax, separate and apart from all other taxes, as may be necessary to provide for the payment of the Bonds and the interest thereon when due and payable, such tax to be applicable to all property that is subject to taxation for Board purposes from time to time; that the indebtedness evidenced by the Bonds, together with all other general obligation indebtedness of the Board existing at the time of the delivery of the Bonds, does not exceed the limitation of indebtedness prescribed by Section 158 of the Constitution of Kentucky and by Section 66.041 of the Kentucky Revised Statutes; and that the Bonds have been authorized, sold and delivered under and in conformity with the applicable provisions of the Act.

Based on current rulings and official interpretations, and assuming that the Board and the District comply with certain covenants contained in the Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), including a covenant to comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Bonds, we are of the opinion that: (1) interest on the Bonds is excludable from gross income for federal income tax purposes; (2) the Bonds are an issue of “state or local bonds” which are not “private activity bonds” within the meaning of Section 103 of the Code; (3) interest on the Bonds



is not an item of tax preference in calculating the alternative minimum tax; however, such interest is taken into account in determining the average annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations; (4) interest on the Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (5) an individual who owns any of the Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (6) any taxpayer (individuals or corporations) owning the Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (7) interest on the Bonds is exempt from Kentucky income taxes; and (8) the principal of the Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

***[This page intentionally left blank]***

**APPENDIX G**

**GRAYSON COUNTY SCHOOL DISTRICT**

---

**Continuing Disclosure Agreement**

***[This page intentionally left blank]***

## **CONTINUING DISCLOSURE AGREEMENT**

Re: Board of Education of Grayson County, Kentucky General Obligation Bonds, Series 2025.

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Board of Education of Grayson County, Kentucky (the “Board”) in connection with the issuance of the above referenced Bonds (the “Bonds”), said Bonds being issued by the Board as the governing body of the Grayson County School District (the “District”) for the purpose of providing funds for financing the cost to renovate, expand, improve and equip the District’s Area Vocational Education Center (the “Project”). The Board covenants and agrees as follows:

Section 1. In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “Commission”), the Board hereby agree to provide or cause to be provided through a designated agent (the “Agent”), if so appointed by the Board, in a timely manner, to the Electronic Municipal Market Access system (“EMMA”) at <http://www.emma.msrb.org>, audited financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) and operating data (collectively the “Annual Report”) of the District and the Board generally consistent with the information contained in Appendix A of the Official Statement used in the marketing of the Bonds. Such Annual Report will be available no later than 180 days after the end of the District’s fiscal year (June 30), beginning with the fiscal year ending June 30, 2025, and each fiscal year thereafter and will be available to the Agent, EMMA and to each holder of Bonds who requests such information by written request to the Board.

Section 2. The Board hereby agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of such event, to EMMA, notice of the occurrence of any 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-exempt status of the Bonds;
- (g) modifications to rights of the Bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar events of the Issuer or the Board;

- (m) consummation of a merger, consolidation, or acquisition involving the District or the Board or the sale of all or substantially all of the assets of the District or the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the District or the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or the Board, any of which affect Bondholders, if material; and/or
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or the Board, any of which reflect financial difficulties.

The Board may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if it is determined that such other event is material with respect to the Bonds, but the Board does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

If the Board is unable to provide to EMMA an Annual Report by the date required in this Disclosure Agreement, the District's Finance Officer shall send a notice to EMMA, notifying it of the inability, at that time, and the reasons why the Board failed, to file the Annual Report.

If the Board's fiscal year changes, then the Board, through the District's Finance Officer, shall send a notice of such change to EMMA. If such change will result in the Board's fiscal year ending on a date later than the ending date prior to such change, the District's Finance Officer shall provide notice of such change to EMMA, on or prior to the deadline for filing the Annual Report in effect when the Board operated under their prior fiscal year. Such notice may be provided to EMMA along with the Annual Report, provided that it is filed at or prior to the deadline described above.

Section 3. The Issuer and the Board agree to provide or to cause to be provided in a timely manner, to EMMA, notice of a failure by the Board to provide the required notices set out in Section 2 above.

Section 4. The obligations of the District and the Board described above will remain in effect only for such period that (i) the Bonds are outstanding in accordance with their terms and (ii) that the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule. The Board reserves the right to terminate their obligations to provide notices of material events as set forth above, if and when the Board no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

Section 5. The Board acknowledges that this undertaking pursuant to the Rule described in this Disclosure Agreement is intended to be for the benefit of the Bondholders (including holders of beneficial interests in the Bonds) and shall be enforceable by any

Bondholder, provided that a Bondholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Board's obligations pursuant to the provisions of this undertaking, and any failure by the Board to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under the Bond Resolution. In the event of a failure of the Board to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate to obtain specific performance by court order to cause the Board to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Board to comply with this Disclosure Agreement shall be an action to compel specific performance.

Section 6. Notwithstanding any other provision of the Bond Resolution, these continuing disclosure requirements may be amended, if the Board receives an opinion of independent legal counsel to the effect that:

- (i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the types of activities in which the District and the Board are engaged;
- (ii) the amendment would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (iii) such amendment does not materially impair the interests of the Bondholders.

Section 7. The Board has adopted Guidelines and Procedures Relating to the Compliance with the Rule.

Section 8. The Board agrees to make publicly available its Annual Report. Such information regarding the District and the Board can be obtained from the District's Finance Officer, 790 Shaw Station Road, Leitchfield, Kentucky 42754; Telephone (270) 259-4011.

Section 9. It is the intention and expectation of the Board that the Annual Report with respect to each fiscal year will be either transmitted to the Agent with the request that the information be immediately filed with, or shall otherwise be filed directly with, EMMA, as required under the Rule and this Disclosure Agreement, no later than 180 days following the end of the preceding fiscal year ended June 30 of the Board. If the Board appoints an Agent to undertake the filing requirements of the Rule and this Disclosure Agreement, the District's Finance Officer shall request confirmation from the Agent that the Annual Report has been timely and appropriately filed with EMMA, as required under the Rule and this Disclosure Agreement.

Section 10. As of the date of this Disclosure Agreement, the District and the Board are in compliance with the reporting requirements of the Rule for all undertakings for which they are an "obligated person" as defined in the Rule.

Section 11. This Disclosure Agreement is being executed and delivered by the Board for the benefit of the Bondholders and in order to assist the Underwriter of the Bonds in complying with the Rule and shall create no rights in any other person or entity.

Date: April 16, 2025.

BOARD OF EDUCATION OF GRAYSON COUNTY, KENTUCKY

By \_\_\_\_\_  
Chairperson

The undersigned hereby acknowledges having received a copy of this Continuing Disclosure Agreement and has read and understands the duties assigned hereunder:

By \_\_\_\_\_  
Finance Officer, Grayson County School  
District



***[This page intentionally left blank]***

## NOTICE OF BOND SALE

The Board of Education of Grayson County, Kentucky (the “Issuer”) as the governing body of the Grayson County School District (the “District”) will, until the hour of 11:00 A.M. E.T. on March 26, 2025 (or such later date and time as described below), receive in the office of the Kentucky School Facilities Construction Commission, 200 Mero Street, 5<sup>th</sup> Floor, Frankfort, Kentucky 40601, bids for the purchase of its \$9,930,000 (subject to adjustment) Board of Education of Grayson County, Kentucky General Obligation Bonds, Series 2025 (the “**Series 2025 Bonds**”), as described in the Preliminary Official Statement.

The Series 2025 Bonds are offered for sale on a tax-exempt basis as described in the Notice and Official Terms and Conditions of Bond Sale and the Preliminary Official Statement. Rights to reject bids and/or to reschedule the receipt of bids (announced at least 24 hours in advance of the rescheduled sale time via Bloomberg Financial News Wire or the BIDCOMP/PARITY® System) are reserved as set out in the Notice and Official Terms and Conditions of Bond Sale. The bidding conditions and terms of the offerings are contained in the Notice and Official Terms and Conditions of Bond Sale, which, together with the Official Bid Form and the Preliminary Official Statement, may be obtained from the Issuer’s Financial Advisor, Robert W. Baird & Co. Incorporated, 500 West Jefferson Street, Louisville, Kentucky 40202 or at <http://www.rwbaird.com/public-finance/Baird-Forward-Competitive-Calendar>. The Preliminary Official Statement is in a form “deemed final” by the Issuer for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment, and completion in a final Official Statement.

/s/ Erin Embry, Director of Finance

## NOTICE AND OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$9,930,000\* Board of Education of Grayson County, Kentucky  
General Obligation Bonds, Series 2025  
Bids due by 11:00 a.m., Eastern Time ("ET"), March 26, 2025

---

**Bid Date: March 26, 2025**

**Bid Time: By 11:00 a.m. ET**

**Bids Submitted via: (i) BIDCOMP/PARITY®;  
(ii) Hand Delivery; or  
(iii) Facsimile.**

**NOTICE IS HEREBY GIVEN** that pursuant to the Notice of Bond Sale the Board of Education of Grayson County, Kentucky (the "**Issuer**") as the governing body of the Grayson County School District (the "**District**") will, on the Bid Date and by the Bid Time set out above (subject to any rescheduling as set out hereinafter under "**RIGHT TO RESCHEDULE SALE**"), receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission (the "**Commission**"), located at Kentucky School Facilities Construction Commission, 200 Mero Street, 5<sup>th</sup> Floor, Frankfort, Kentucky 40622, competitive bids for the purchase of the above-described issue, to be dated the date of original issuance and delivery (the "**Series 2025 Bonds**"). Bids for the Series 2025 Bonds must be submitted (1) by hand delivery at the office shown above; (2) by facsimile to fax number (888) 979-6152 as herein more particularly described; or (3) at the bidder's option as more particularly hereinafter described, by electronic transmission through BIDCOMP/PARITY®.

On their issuance, the Series 2025 Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("**DTC**"), New York, New York, which will act as securities depository for the Series 2025 Bonds. Purchases of beneficial interests in the Series 2025 Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any multiple of \$5,000. The Series 2025 Bonds will mature, or be subject to mandatory sinking fund redemption, as described in the Preliminary Official Statement for the Series 2025 Bonds and as hereinafter provided on the following dates and in the following principal amounts (subject to adjustment as hereinafter provided in the Issuer's sole discretion), and shall be subject to prior optional redemption as described in the Preliminary Official Statement for the Series 2025 Bonds:

---

\* Preliminary, subject to change.

Maturity Date <u>April 1</u>	Principal <u>Amount*</u>	Maturity Date <u>April 1</u>	Principal <u>Amount*</u>
2026	\$ 60,000	2036	\$ 370,000
2027	45,000	2037	400,000
2028	45,000	2038	415,000
2029	50,000	2039	535,000
2030	50,000	2040	880,000
2031	315,000	2041	915,000
2032	325,000	2042	955,000
2033	340,000	2043	1,050,000
2034	355,000	2044	1,100,000
2035	370,000	2045	1,355,000

The Series 2025 Bonds maturing on and after April 1, 2034, are subject to redemption by the District, at its option, before maturity on and after April 1, 2033.

### **BID REQUIREMENTS**

Bids not submitted by electronic transmission must be submitted in writing on an Official Bid Form (see attached **EXHIBIT A**), signed by the bidder or an authorized representative of the bidding syndicate, and either (i) enclosed in a sealed envelope clearly marked “Bid for Series 2025 Bonds” and hand delivered to the office specified above before the deadline for submission of bids or (ii) faxed to the attention of Ms. Kristi Russell to fax number (888) 979-6152; provided that, before the deadline for submission of bids, the bidder must have confirmed with Ms. Russell, at phone number (502) 564-5582, actual receipt by Ms. Russell of the bidder’s facsimile bid before the appointed time bids are due. The District and its officials, the Financial Advisor, Robert W. Baird & Co. Incorporated and Bond Counsel, Rubin & Hays, assume no responsibility for assuring that such bids submitted via facsimile are received before such deadline. It is the bidder’s sole responsibility, and not that of the District, to assure that any bid is submitted to and received by the District at the appointed time in accordance with the bidding conditions. No certified or bank cashier’s check will be required to accompany a bid, but the successful bidder for the Series 2025 Bonds shall be required to wire transfer, by the close of business on March 27, 2025, to Regions Bank, Nashville, Tennessee, for the credit of the District, an amount equal to 2.0% of the amount of Series 2025 Bonds awarded to such bidder, as a good faith deposit, which will secure the faithful performance of the terms of the bid (the “**Good Faith Deposit**”). The Good Faith Deposit will be applied (without interest) to the purchase price of the Series 2025 Bonds. If the successful bidder should fail to accept and pay for the Series 2025 Bonds when tendered for delivery and payment, the Good Faith Deposit will be retained by the District as agreed liquidated damages.

Bidders are required to bid a cash price for each maturity of the Series 2025 Bonds and a cash price of not less than 98% of the aggregate principal amount of the Series 2025 Bonds for

which a bid is submitted (excluding original issue discount, if any). Bidders shall specify the annual rate or rates of interest to be borne by the Series 2025 Bonds, which shall be in multiples of 1/8 or 1/20 of 1% but no rate shall exceed 5%. All Series 2025 Bonds of the same maturity must bear interest at a single rate to maturity. An interest rate stipulated in any year may be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates. No bid will be accepted for the purchase of less than all of the Series 2025 Bonds. On delivery of the Series 2025 Bonds, payment of the amount due must be made by the successful bidder to the order of the District in immediately available federal funds or by such other means as may be acceptable to the Director of Finance of the District. Any expense of providing immediately available funds shall be borne by the bidder.

### **SPECIAL BIDDERS' OPTION**

Bidders shall have the option of specifying that all of the Series 2025 Bonds maturing in any two or more consecutive years as given in the above preliminary schedule (as the principal amounts thereof may be adjusted in accordance herewith) may, in lieu of maturing in each of such years, be combined to compose one or more maturities of Series 2025 Bonds ("**Term Bonds**") scheduled to mature in the latest of such years and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts determined in accordance herewith, except for the principal amount of Term Bonds scheduled in the year of maturity of the Term Bonds, which principal amount shall mature in that year. Bidders may specify one or more of such Term Bonds.

### **SPECIAL REQUIREMENTS FOR ELECTRONIC BIDDING**

Electronic bids for the Series 2025 Bonds must be submitted through BIDCOMP/PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the i-DEAL LLC Dalcomp Division's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BIDCOMP/PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BIDCOMP/PARITY® conflict with the terms of this Notice and Official Terms and Conditions of Bond Sale, this Notice and Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of BIDCOMP/PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and the Notice and Official Terms and Conditions of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the District. The District, the Financial Advisor, and Bond Counsel shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BIDCOMP/PARITY®. The use of BIDCOMP/PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding BIDCOMP/PARITY®, potential bidders may contact BIDCOMP/PARITY®, 40 West 23<sup>rd</sup> Street, New York, New York 10010, Telephone: (800) 850-7422.

In the event of a system malfunction in the electronic bidding process or at the sole discretion of a bidder, an Official Bid Form may be sent before the appointed deadline (the time as maintained by BIDCOMP/PARITY® shall constitute the official time) to the District by facsimile to the attention of Ms. Kristi Russell at fax number (888) 979-6152; provided that a bidder must have confirmed with Ms. Russell, at phone number (502) 564-5582, actual receipt by Ms. Russell of the bidder's facsimile bid before the appointed time bids are due. If a bid is sent via facsimile, it is the sole responsibility of the bidder to assure that such bid is submitted and received by Ms. Russell before the appointed time. The District and its officials, the Financial Advisor, and Bond Counsel assume no responsibility for assuring that such bids submitted via facsimile are received by the appointed time.

### **RIGHT TO RESCHEDULE SALE**

The District reserves the right to reschedule the receipt of bids for the Series 2025 Bonds without newspaper advertising or posting notice in accordance with statutory timeframes by giving notice thereof as promptly as reasonably possible, and in any event at least 24 hours in advance of the rescheduled sale time, by the BIDCOMP/PARITY® system or Bloomberg Financial News Wire.

### **AWARD OF THE SERIES 2025 BONDS**

The Series 2025 Bonds will be awarded to the bidder offering to purchase the Series 2025 Bonds at the lowest true interest cost ("TIC") to the District based on the preliminary maturity schedule set out above. For the purpose only of determining the TIC of Term Bonds, if any, specified by bidders as described above, such Series 2025 Bonds will be deemed to mature on April 1<sup>st</sup> in each of the years as set forth in the preliminary maturity schedule set out above. If two or more bidders offer bids at the same lowest TIC and the District wishes to award the Series 2025 Bonds, or a portion thereof as herein provided, the District shall determine by lot which bidder will be awarded such Series 2025 Bonds.

Bids will be acted on following the tabulation and verification of the bids received. The District intends to notify the successful bidder, through the Financial Advisor, of any increases or decreases in the principal amounts of the Series 2025 Bonds in the aggregate, or in the amounts of the Series 2025 Bonds maturing or subject to mandatory sinking fund redemption on any one or more dates, pursuant to this Notice and Official Terms and Conditions of Bond Sale, promptly and not later than 3:00 p.m. ET, on the sale date (unless waived by the successful bidder). Bids will be opened by the Executive Director of the Commission, Ms. Kristi Russell, or her designated representative at the time stated above and verbal confirmation of any successful bid or bids will be given as soon as possible thereafter. Formal award and approval of the successful bid or bids will be made on behalf of the District by its Director of Finance or its Superintendent by 3:00 p.m. ET, on the sale date. The decision of the District as to the award of the Series 2025 Bonds will be final.

The District reserves the right, in its sole discretion, to accept a bid or bids for an aggregate principal amount of the Series 2025 Bonds in any amount (in \$5,000 denominations) not to exceed

\$10,000,000 if the District determines the total amount of such increase in the total amount of the Series 2025 Bonds sold to be in the best interests of the District, with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2025 Bonds (or mandatory sinking fund installments for Term Bonds). The District also reserves the right to adjust the aggregate principal amount of the Series 2025 Bonds downward by any amount (in \$5,000 denominations) if the District determines the total amount of such decrease in the total amount of the Series 2025 Bonds sold to be in the best interests of the Board of Education, with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2025 Bonds (or mandatory sinking fund installments for Term Bonds). The District further reserves the right to adjust the stipulated maturities of the Series 2025 Bonds (or mandatory sinking fund installments for Term Bonds) without changing the total amount of the Series 2025 Bonds sold. In the event of any such adjustment, no rebidding will be permitted and no recalculation of bids will be made.

Among other factors the District may (but shall be under no obligation to) consider, in sizing the issue of Series 2025 Bonds or in sizing individual maturities or mandatory sinking fund installments, are promoting level debt service and other preferences of the District. The dollar amount bid for the Series 2025 Bonds by the successful bidder may be adjusted, if applicable, to reflect one or more of any adjustments made in the amortization schedule for the Series 2025 Bonds. Any bid price that is adjusted may reflect changes in the dollar amount of original issue discount or premium, if any, but will not change the per bond underwriter's discount, interest rate or reoffering price.

**THE RIGHT IS RESERVED TO REJECT ANY AND ALL BIDS OR TO WAIVE IRREGULARITIES IN ANY BID.**

As a term of the bid and a condition to the award of the Series 2025 Bonds, each successful bidder agrees (1) to certify to the District, on behalf of the successful bidder and its syndicate or selling group, at the time of the acceptance of the bid, (a) the bona fide initial offering or reoffering prices of the Series 2025 Bonds to the Public (as described under the heading "**ISSUE PRICE CERTIFICATION**" herein); and (b) the amounts of the premium and taxes related to any municipal bond insurance policy purchased by the successful bidder in respect of the Series 2025 Bonds; (2) that the District may rely on such certifications in complying with the arbitrage provisions of the Internal Revenue Code; and (3) at closing to affirm the foregoing certifications and provide any information (within the successful bidder's knowledge) required by the District to comply with the arbitrage provisions of the Internal Revenue Code.

The Series 2025 Bonds will be issued in book-entry form, registered in the name of Cede & Co., as the nominee of DTC, all as provided in the Preliminary Official Statement.

It is anticipated that CUSIP identification numbers will be assigned to each maturity of the Series 2025 Bonds, but neither the failure to type or print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2025 Bonds in accordance with the terms of its bid. No

CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the District or any of its officers or agents because of or on account of such numbers. All expenses of typing or printing CUSIP identification numbers for the Series 2025 Bonds shall be paid by the District; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid by the purchaser.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Series 2025 Bonds.

### **ISSUE PRICE CERTIFICATION**

The District is offering the Series 2025 Bonds for sale pursuant to the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2025 Bonds) and if competitive sale requirements are met the following provisions for the establishment of issue price will apply to the initial sale of the Series 2025 Bonds to the public (the "competitive sale requirements"):

- (1) the District has disseminated these Notice and Official Terms and Conditions of Bond Sale to potential bidders/underwriters in a manner that is reasonably designed to reach potential bidders/underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District anticipates receiving bids from one or more bidders/underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds with the understanding that in order for the competitive sale requirements to be met, the District shall receive bids from three or more underwriters or purchasers of bonds who have established industry reputations; and
- (4) the District anticipates awarding the sale of the Series 2025 Bonds to the bidder who submits a firm offer to purchase the Series 2025 Bonds at the highest price (or lowest interest cost), as set forth in these Notice and Official Terms and Conditions of Bond Sale.

The District shall take all steps that are reasonably necessary to ensure that the initial sale of the Series 2025 Bonds to the public will satisfy the competitive sale requirements.

In the event that the initial sale of the Series 2025 Bonds to the public does not satisfy the competitive sale requirements, the District has determined to treat the initial offering price to the public as of the sale date of any maturity of the Series 2025 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). The District (or the District's Financial Advisor) shall promptly advise the prospective winning bidder, prior to the time of award of the Series 2025 Bonds, which maturities



(and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Series 2025 Bonds shall be subject to the hold-the-offering-price rule.

Because the District has determined to apply the hold-the-offering-price rule to any maturity of the Series 2025 Bonds, the winning bidder shall agree, on behalf of the underwriters participating in the purchase of the Series 2025 Bonds, that the underwriters will neither offer nor sell any maturity of the Series 2025 Bonds to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Series 2025 Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District or its Financial Advisor when the underwriters have sold 10% of that maturity of the Series 2025 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.

The District acknowledges that, in making the representation 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 Series 2025 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 Series 2025 Bonds to the public, the agreement of each broker-dealer who 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 who 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 Series 2025 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 Series 2025 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 who is a party to such retail distribution

agreement, as applicable, to comply with the hold-the-offering-price rule, if and for so long as directed by the winning bidder and in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Series 2025 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter who is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2025 Bonds to the public to require each broker-dealer who is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if and for so long as directed in the related pricing wires.

Sales of any Series 2025 Bonds to any person who is a related party to an underwriter shall not constitute sales to the public for purposes of these Notice and Official Terms and Conditions of Bond Sale. Further, for purposes of these Notice and Official Terms and Conditions of Bond Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person who agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 Bonds to the public and (B) any person who agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2025 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 Series 2025 Bonds to the public), and
- (iii) a purchaser of any of the Series 2025 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to more than 50% common ownership.

The winning bidder shall assist the District in establishing the issue price of the Series 2025 Bonds and shall execute and deliver to the District at Closing an "issue price" certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2025 Bonds, in a form agreed to by the winning bidder, the District and Bond Counsel and substantially in the form as set forth in the attached **EXHIBIT B** (Certificate of Underwriter).

### **FIRM BIDS**

Any bid received shall be considered a firm offer for the purchase of the Series 2025 Bonds identified in these Notice and Official Terms and Conditions of Bond Sale and shall not be subject to any conditions, except as permitted hereunder. Bids shall **not** be revocable.

## DELIVERY

Absent any failure of performance by the successful bidder, delivery of the Series 2025 Bonds is expected to be made at DTC in New York, New York, on or about April 16, 2025.

If any purchaser shall wrongfully fail or refuse to accept and pay for the Series 2025 Bonds purchased when tendered, as stated herein, the District shall be authorized to retain the Good Faith Deposit as agreed liquidated damages for the breach of the purchase contract.

If, before the delivery of the Series 2025 Bonds, any event should occur which adversely affects the tax-exempt status of interest on the Series 2025 Bonds, the purchaser of the Series 2025 Bonds shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Chairperson, Director of Finance, or Secretary of the Issuer, whereupon the Good Faith Deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

## CONTINUING DISCLOSURE

In order to assist bidders in complying with the requirements of subsection (5) of section (b) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “**Rule**”), the Board of Education, of which the District is its agency, instrumentality, and constituted authority, will execute a Continuing Disclosure Certificate dated as of the date of original issuance of the Series 2025 Bonds (the “**Disclosure Certificate**”), setting forth the undertaking of the Board of Education to provide certain annual financial reports and notices of the occurrence of certain events. A description of this undertaking, including certain limitations thereon, is set forth in the Preliminary Official Statement under the caption “Continuing Disclosure Undertaking” (reference to which is hereby made) and will also be set forth in the final Official Statement. The Board of Education will deliver the Disclosure Certificate at the closing of the issue of Series 2025 Bonds.

## BOND INSURANCE

If the successful bidder for the Series 2025 Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Series 2025 Bonds, the successful bidder does so at its own risk and expense and the obligation of the successful bidder to pay for the Series 2025 Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The District will cooperate with the successful bidder in obtaining such insurance but the District will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy and any taxes related thereto, and excluding only the fees of Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services.

## LEGAL OPINION AND CLOSING DOCUMENTS

The approving legal opinion of Rubin & Hays, Bond Counsel, will be furnished without cost to the purchaser or purchasers of the Series 2025 Bonds. A summary description of the tax treatment of the Series 2025 Bonds is contained in the Preliminary Official Statement. The proposed form of legal opinion of Bond Counsel is attached as an appendix to the Preliminary Official Statement.

In addition to the Disclosure Certificate described above under “**CONTINUING DISCLOSURE**,” there will also be furnished the usual closing documents, including a certificate of the District dated the date of delivery of the Series 2025 Bonds, as to the accuracy of the information contained in the Official Statement and stating that there is no litigation pending or, to the knowledge of the District, threatened affecting the validity of the Series 2025 Bonds.

## ADDITIONAL INFORMATION

This Notice and Official Terms and Conditions of Bond Sale is not a summary of the terms of the Series 2025 Bonds. Reference is hereby made to the Preliminary Official Statement for a further description of the Series 2025 Bonds and the District. Investors must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

## OFFICIAL BID FORM AND OFFICIAL STATEMENT

The Official Bid Form for the Series 2025 Bonds is attached hereto as **EXHIBIT A**, and a copy of the Preliminary Official Statement relating to the Series 2025 Bonds may be obtained from the District’s Financial Advisor, Robert W. Baird & Co. Incorporated, at 500 West Jefferson Street, Louisville, Kentucky 40202, (502) 588-8476 or the Financial Advisor’s website [www.rwbaird.com/public-finance/Baird-Forward-Competitive-Calendar](http://www.rwbaird.com/public-finance/Baird-Forward-Competitive-Calendar). If for any reason the Preliminary Official Statement or this Notice and Official Terms and Conditions of Bond Sale (including **EXHIBIT A**) cannot be obtained from the website, paper copies of such document printed from computer files may be obtained from the District’s Financial Advisor.

The District deems, for purposes of Securities and Exchange Commission Rule 15c2-12, its Preliminary Official Statement relating to the Series 2025 Bonds to be final as of its date, except for information permitted by that Rule to be omitted from the Preliminary Official Statement including the following information relating to the Series 2025 Bonds: the offering prices, interest rates, selling compensation, principal amount per maturity, delivery date, any other terms or provisions to be determined by competitive bidding, ratings, other terms depending on such matters and the identity of the underwriters. The Preliminary Official Statement is subject to amendment or modification as deemed necessary by the District. The Preliminary Official Statement is subject to revision and completion in a final Official Statement.

The District will provide an electronic copy of the final Official Statement, which will be complete in all material respects up to the date of delivery of the Series 2025 Bonds, without cost

to the successful bidder for the Series 2025 Bonds, within seven business days of the award of the Series 2025 Bonds, such electronic copy to be sufficient for the successful bidder to comply with Rule 15c2-12 of the Securities and Exchange Commission and the rules of the Municipal Securities Rulemaking Board, provided that the successful bidder cooperates in providing information required to complete the final Official Statement.

By making a bid for the Series 2025 Bonds, any successful bidder agrees to (i) disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the District; (ii) promptly file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website; and (iii) take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Series 2025 Bonds to ultimate purchasers.

Dated: March 19, 2025

**BOARD OF EDUCATION OF GRAYSON  
COUNTY, KENTUCKY**

By:                     /s/ Erin Embry                      
Director of Finance

## EXHIBIT A

### OFFICIAL BID FORM

(Written Alternative)

March 26, 2025

(Sale time: 11:00 a.m. ET)

Board of Education of Grayson County, Kentucky  
c/o Office of Executive Director  
Kentucky School Facilities Construction Commission  
200 Mero Street, 5<sup>th</sup> Floor  
Frankfort, Kentucky 40622  
Phone: (502) 564-5582 Fax: (888) 979-6152

The undersigned submits the following offer to purchase the \$9,930,000\* General Obligation Bonds, Series 2025 (the “**Series 2025 Bonds**”), to be dated the date of original issuance and delivery, of the Board of Education of Grayson County, Kentucky as the governing body of the Grayson County School District (the “**District**”). This bid is made subject to the Notice and Official Terms and Conditions of Bond Sale for the Series 2025 Bonds, which is incorporated herein by reference as though fully set forth herein, and to all of the terms and conditions of which the undersigned, on behalf of the undersigned and our syndicate or selling group, agrees.

The undersigned hereby offers to purchase the entire aggregate principal amount of the Series 2025 Bonds to be issued and will pay you therefor the aggregate price described below (such aggregate purchase price may not be less than \$9,731,400 or 98% of the aggregate par amount of the Series 2025 Bonds), provided the Series 2025 Bonds bear interest at the following annual rates (each rate specified must be in a multiple of 1/8 or 1/20 of 1%, may not exceed 5%, and may be less than the rate stipulated for any preceding maturity):

(Continued on the following page)

---

\* Preliminary, subject to change as provided in the Notice and Official Terms and Conditions of Bond Sale.

<b>Maturity April 1</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Maturity April 1</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>
2026	\$ 60,000	____%	2036	\$ 370,000	____%
2027	45,000	____%	2037	400,000	____%
2028	45,000	____%	2038	415,000	____%
2029	50,000	____%	2039	535,000	____%
2030	50,000	____%	2040	880,000	____%
2031	315,000	____%	2041	915,000	____%
2032	325,000	____%	2042	955,000	____%
2033	340,000	____%	2043	1,050,000	____%
2034	355,000	____%	2044	1,100,000	____%
2035	370,000	____%	2045	1,355,000	____%

We understand that this bid may be accepted in any amount up to \$10,000,000 (in \$5,000 denominations) or any lesser amount (in \$5,000 denominations) if the District determines such increase or decrease in the total amount of the Series 2025 Bonds sold to be in the best interest of the District, with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2025 Bonds (or mandatory sinking fund installments for Term Bonds). We also understand that the District further reserves the right to adjust the stipulated maturities of the Series 2025 Bonds (or mandatory sinking fund installments for Term Bonds) without changing the total amount of the Series 2025 Bonds sold. The foregoing determinations shall be made by the District in its sole discretion at the time of acceptance of the best bid.

**SPECIAL BIDDER'S OPTION:** The undersigned hereby elects to specify that all the Series 2025 Bonds stated to be due in the following two or more consecutive years (as the principal amounts thereof may be adjusted in accordance herewith) shall be combined to compose the maturities of Term Bonds indicated below:

<b>Principal Amounts Due</b>		
<b>Year</b>		<b>Year</b>
_____	Through	_____
_____	Through	_____
_____	Through	_____
_____	Through	_____

In accordance with the Notice and Official Terms and Conditions of Bond Sale we agree that, if we are the successful bidder for the Series 2025 Bonds, we will wire transfer, by the close of business on March 27, 2025, to Regions Bank, Nashville, Tennessee, for the credit of the District, an amount equal to 2.0% of the amount of Series 2025 Bonds awarded, as a good faith deposit to secure faithful performance of the terms of our bid (the "**Good Faith Deposit**"). We understand that the Good Faith Deposit shall be applied (without interest) to the purchase price of the Series

2025 Bonds. If the undersigned should fail to accept and pay for the Series 2025 Bonds when tendered for delivery, the Good Faith Deposit will be retained by the District as agreed liquidated damages.

If this bid is accepted and the Series 2025 Bonds are awarded to us, we will at the time of such acceptance certify to the District, on behalf of the undersigned and our syndicate or selling group, (1) the bona fide initial offering or reoffering prices of the Series 2025 Bonds in accordance with the requirements under heading “**ISSUE PRICE CERTIFICATION**” in the Notice and Official Terms and Conditions of Bond Sale for the Series 2025 Bonds and the amounts of the premium and taxes related to any municipal bond insurance policy purchased by us in respect of the Series 2025 Bonds; (2) that the District may rely on such certifications in complying with the arbitrage provisions of the Internal Revenue Code; and (3) that at closing we will affirm the foregoing certifications and provide any information (within the successful bidder’s knowledge) required by the District to comply with the arbitrage provisions of the Internal Revenue Code.

This bid is made with the understanding that the District intends to notify the successful bidder of any increases or decreases in the principal amounts of the Series 2025 Bonds in the aggregate, or in the amounts of the Series 2025 Bonds maturing or subject to mandatory sinking fund redemption on any one or more dates, pursuant to the Notice and Official Terms and Conditions of Bond Sale, promptly and not later than 3:00 p.m. ET on the sale date (unless waived by the successful bidder).

The above is our purchase offer. We submit our own computations thereof only for your information and convenience:

- |     |   |         |
|-----|---|---------|
| [a] | Total principal and interest payments at stipulated rates<br>from date of Series 2025 Bonds to final maturity | \$_____ |
| [b] | Purchase price of the Series 2025 Bonds<br>(to include premium or discount)                                   | \$_____ |
| [c] | True Interest Cost (TIC)  | _____%  |

Respectfully submitted,

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name of Bidder or Representative of  
Bidding Syndicate

\_\_\_\_\_  
Address



ACCEPTED on behalf of the District by its Financial Advisor, as agent, for the final aggregate principal amount of \$\_\_\_\_\_, with maturities and/or mandatory sinking fund installments set out below, at a [an adjusted] purchase price of \$\_\_\_\_\_, this March 26, 2025.

<b>Maturity</b>	<b>Final</b>	<b>Maturity</b>	<b>Final</b>
<b><u>April 1</u></b>	<b><u>Amount</u></b>	<b><u>April 1</u></b>	<b><u>Amount</u></b>
2026	\$ _____	2036	\$ _____
2027	\$ _____	2037	\$ _____
2028	\$ _____	2038	\$ _____
2029	\$ _____	2039	\$ _____
2030	\$ _____	2040	\$ _____
2031	\$ _____	2041	\$ _____
2032	\$ _____	2042	\$ _____
2033	\$ _____	2043	\$ _____
2034	\$ _____	2044	\$ _____
2035	\$ _____	2045	\$ _____

---

\*Term Bond (if applicable)

**BOARD OF EDUCATION OF GRAYSON  
COUNTY, KENTUCKY,**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B TO THE  
NOTICE AND OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**CERTIFICATE OF UNDERWRITER**

Board of Education of Grayson County,  
Kentucky  
790 Shaw Station Road  
Leitchfield, Kentucky 42754

Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

Re: Board of Education of Grayson County, Kentucky General Obligation Bonds, Series 2025.

\_\_\_\_\_ (the "Underwriter") is the purchaser and underwriter of the above referenced Bonds (the "Bonds") pursuant to a competitive bid process on \_\_\_\_\_, 2025 and the first day on which there is a binding contract for the Underwriter to purchase Bonds (the "Sale Date"). We understand and acknowledge that the Board of Education of Grayson County, Kentucky as the governing body of the Grayson County School District (the "District") is relying on the factual representations contained in this Certificate in, among other things, executing its Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds and that Rubin & Hays, as bond counsel ("Bond Counsel") are relying on the factual representations contained in this letter 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 other federal income tax advice that it may give to the District from time to time relating to the Bonds. We hereby certify as follows:

1. Reasonably Expected Initial Offering Price. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid submitted by the Underwriter to purchase the Bonds.

2. Competitive Sale. The District has advised the Underwriter that it offered the Bonds for sale pursuant to the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "Competitive Sale" for purposes of establishing the issue price of the Bonds) and that the competitive sale requirements have been met for the purposes of

satisfying the provisions of the establishment of issue price and that the District will apply the Expected Offering Prices as the issue price of the Bonds.

***Note: In the event that the District receives fewer than three bids on the Bonds, the following language will replace paragraph 2 above and the paragraphs beginning with "Bidding Certifications" will be renumbered:***

{2. Competitive Sale. The District has advised the Underwriter that it offered the Bonds for sale pursuant to the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (the "Issue Price Regulations", which define "Competitive Sale" for purposes of establishing the issue price of the Bonds) but that the competitive sale requirements were not met because the District did not receive bids from three or more underwriters or purchasers of bonds who have established industry reputations for underwriting new issuances of municipal bonds.

3. District to Hold-the-Offering Price Rule. The competitive sale requirements not having been satisfied, the District has determined to treat the Expected Offering Prices 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).

4. Satisfaction of the Hold-the-Offering-Price Rule. The Underwriter certifies that it neither offered nor sold any maturity of the Bonds to any person at a price that was higher than the Expected Offering Price to the public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5<sup>th</sup>) business day, \_\_\_\_\_, 2025 after the Sale Date; or

(2) the date on which the underwriters sold at least 10% of that maturity of the Bonds to the public at a price that was no higher than the Expected Offering Price to the public.}

3. Bidding Certifications. The Underwriter was not given the opportunity to review other bids prior to submitting its bid, and the bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

4. Defined Terms.

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

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

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

5. Purchase Price. As payment for the Bonds, in accordance with your instructions we, the Underwriter, hereby pay to the District, for deposit with \_\_\_\_\_ (the "Paying Agent"), a net purchase price of \$\_\_\_\_\_ (the "Sale Proceeds") calculated as par amount of the Bonds (\$\_\_\_\_\_) plus net original issue premium (\$\_\_\_\_\_) less Underwriter's Discount (\$\_\_\_\_\_).

6. Financial Advisor. We have not sold, nor do we expect to sell, any of the Bonds to Robert W. Baird & Co. Incorporated, the Financial Advisor of the District (the "Financial Advisor"), nor, to the best of our knowledge, has the Financial Advisor been a participant with us in a syndicate or other similar account formed for the purpose of purchasing, directly or indirectly, from the District all or any portion of the Bonds.

7. Receipt of Bonds. We hereby acknowledge receipt from the District of the entire \$\_\_\_\_\_ of Bonds, in accordance with the terms of the competitive sale.

To the best of our knowledge and belief, the facts, circumstances and expectations set forth in this Certificate are true, correct, complete and reasonable and there are no other facts, circumstances or expectations, which would materially change those set forth herein. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws,

including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder.

Dated this \_\_\_\_\_, 2025.

\_\_\_\_\_

By: \_\_\_\_\_

Name:

\_\_\_\_\_

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(Attached)**

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
**(Attached)**