

This Preliminary Official Statement has been prepared for submission to prospective bidders for the bonds herein described and is in a form "deemed final" by the Corporation for purposes 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 any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 15, 2026

Book-Entry Only
New Issue – Not Bank Qualified

Rating: "Aa3" Moody's (Underlying)
"Aa3" Moody's (Enhanced)
See "RATING" herein

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 the federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is 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.



\$20,000,000*

BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES OF 2026

Dated: Date of Issuance

Due: as shown below

Interest on the above-captioned Bonds (the "Bonds") will be payable from their dated date, on each February 1 and August 1, commencing February 1, 2027, and the Bonds mature on each June 1, as shown below:

<u>Cusip#</u> <u>XXXXXX--</u>	<u>Maturity</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip#</u> <u>XXXXXX--</u>	<u>Maturity</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
	08/01/2027	\$100,000				08/01/2037	\$1,245,000		
	08/01/2028	420,000				08/01/2038	1,295,000		
	08/01/2029	435,000				08/01/2039	1,350,000		
	08/01/2030	440,000				08/01/2040	1,410,000		
	08/01/2031	460,000				08/01/2041	1,470,000		
	08/01/2032	475,000				08/01/2042	1,535,000		
	08/01/2033	495,000				08/01/2043	1,605,000		
	08/01/2034	640,000				08/01/2044	1,680,000		
	08/01/2035	650,000				08/01/2045	1,760,000		
	08/01/2036	695,000				08/01/2046	1,840,000		

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

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

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

The Bonds are offered when, as, and if issued, subject to the approval of legality and tax exemption by Steptoe & Johnson PLLC Bond Counsel, Louisville, Kentucky. The Bonds are expected to be available for delivery on or about August 12, 2026.

Dated: July __, 2026

BAIRD

*Preliminary, subject to change.

BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY

Brian Celsor,
Chair

Al Barman,
Vice Chair

Billy Turner,
Member

Stacy Coffey,
Member

Berlinda Bazzell,
Member

Mr. Travis Hamby,
Superintendent

Mr. Brian Carter,
Deputy Superintendent

Kristie McDuffie,
Director of Finance

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FISCAL AGENT

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

PAYING AGENT AND REGISTRAR

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

REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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\$20,000,000*
BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES OF 2026

INTRODUCTION

The purpose of this Official Statement, which includes the cover page hereof and appendices hereto, is to set forth certain information relating to the issuance of \$20,000,000* aggregate principal amount of General Obligation Bonds, Series of 2026 (the “Bonds”) of the Board of Education of Allen County, Kentucky (“Board”), as specified on the cover page hereof.

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

The Bonds are being issued by the Board as governing body of the Allen County School District (the “District”), a county school district and a political subdivision of the Commonwealth of Kentucky. The District is located in the City of Scottsville, Kentucky and the County of Allen, Kentucky.

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board on June 22, 2026 (the “Bond Resolution”).

The Bonds are being issued for the purposes of (i) financing the costs renovations and improvements to Allen County-Scottsville High School athletic facilities (the “Project”) and (ii) paying the costs of issuance of the Bonds.

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

The Bonds are offered when, as, and if issued by the Board. The Bonds will be delivered on or about August 12, 2026, in New York, New York, through the Depository Trust Company (DTC).

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the related continuing disclosure documents of the District are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the Bond Resolution and the bond forms, may be obtained from Steptoe & Johnson PLLC, at 101 South 5th Street, Suite 3200, Louisville, Kentucky 40202. Additional information regarding this Official Statement or the District, including financial information for the District, is available from Robert W. Baird & Co., Incorporated, at 500 West Jefferson Street, Suite 2600, Louisville, Kentucky, 40202, Telephone: (502) 588-1763, Attention: Kelly Mrsic.

The Board deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), except certain information on the cover page hereof and

* Preliminary, subject to change.

certain pages herein that has been omitted in accordance with the Rule and which will be provided with the final Official Statement.

THE BONDS

Description of the Bonds

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

Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2027, from the later of the date of issuance of the Bonds, or the most recent date to which interest has been paid or duly provided for, and shall be paid by check or draft mailed by U.S Bank Trust Company, National Association, as Paying Agent and Registrar for the Bonds, to the registered owners thereof, as of the applicable record date set forth below, at their respective addresses appearing on the books of the Paying Agent and Registrar. The principal amount of the Bonds shall be paid when due to the registered owners thereof, upon the surrender of the Bonds at the designated corporate trust office of the Paying Agent and Registrar located in Louisville, Kentucky. Alternatively, the principal of and interest on the Bonds may also be paid by any other transfer of funds acceptable to the Paying Agent and Registrar and the registered owners thereof. The record date for each February 1 and August 1 interest payment date shall be the preceding January 15 and July 15, respectively.

Authority for Issuance

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board of Education of Allen County, Kentucky (the “Board”) on June 22, 2026 (the “Bond Resolution”).

Redemption Provisions

Optional Redemption. The Bonds maturing on and after August 1, 2036 shall be subject to optional redemption on August 1, 2035 or any date thereafter, in whole or in part, in such order of maturity as may be selected by the District, and by lot within any maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

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

At least thirty days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption, signed by the Paying Agent and Registrar, to be mailed, postage prepaid, to all registered owners of the Bonds, or portions thereof, to be redeemed, at their addresses as they appear on the registration books maintained by the Paying Agent and Registrar; provided, however, that the failure to mail such notice shall not affect the validity of the proceedings for such redemption. Each notice of redemption shall set forth the date fixed for redemption, the redemption price to be paid, and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive

numbers or letters, if any, of the Bonds to be redeemed. In addition, if any Bond is to be redeemed in part only, such redemption notice shall also set forth the portion of the principal amount of such Bond to be redeemed and shall include a statement that on or after the date fixed for redemption, upon the surrender of such Bond for redemption, a new Bond will be issued in a principal amount equal to the unredeemed portion of the Bond so redeemed.

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

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

Defeasance

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

For the foregoing purposes, “Defeasance Obligations” means:

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

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

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

Book-Entry Only System

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

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

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General Obligation

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

Statutory Lien

Section 66.400 of the Kentucky Revised Statutes, as amended (the “Municipal Bankruptcy Law”), permits any political subdivision, public agency, or instrumentality of the Commonwealth, such as the District, for the purpose of enabling such political subdivision, public agency, or instrumentality to take advantage of the provisions of Chapter 9 of the United States Bankruptcy Code and, for that purpose only, (i) to file a petition stating that such political subdivision, public agency, or instrumentality (a) is insolvent or unable to meet its

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

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

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

State Intercept

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

Commonwealth Budget for Biennial Period Ending June 30, 2028

Under the Kentucky Constitution, the Kentucky General Assembly is required to adopt measures to provide for the Commonwealth's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the Kentucky General Assembly during the legislative session held during each even numbered year. State Budgets have generally been adopted by the Kentucky General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature, for all appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court of Kentucky has ruled that the Governor has no authority to spend money from the state treasury, except where there is an explicit statutory, constitutional, or federal mandate, and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay the principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

The 2026 Regular Session of the Kentucky General Assembly adopted a State Budget for the biennial period ending June 30, 2028, which was approved and signed by the Governor and became effective as of July 1, 2026. The Office of the State Budget Director makes monthly updates to the General Fund receipts

and other Funds of the Commonwealth which are available to the public. When published, the updates can be found at www.osbd.ky.gov.

PLAN OF FINANCING

The Bonds are being issued for the purposes of (i) financing the costs renovations and improvements to Allen County-Scottsville High School athletic facilities (the “Project”) and (ii) paying the costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

Sources*:

Par Amount of Bonds	\$ _____
Plus: Other Sources of Funds	_____
Total Sources	\$ _____

Uses*:

Deposit to Construction Fund	\$ _____
Underwriter’s Discount	_____
Costs of Issuance	_____
Total Uses	\$ _____

*Preliminary, subject to adjustment

INVESTMENT CONSIDERATIONS

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

Limitation on Enforcement of Remedies

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

Risk of Bankruptcy

The obligations of the Board under the Bonds and the Bond Resolution are general obligations of the Board and are secured by the pledge of the Board’s full faith, credit, and taxing power, any moneys held in the District’s Sinking Fund (on a parity with all other general obligation indebtedness of the Board) or the Bond Payment Fund established under the Bond Resolution, and the statutory lien provided by the Municipal Bankruptcy Law. A bondholder’s enforcement of any remedy provided by the Bond Resolution may be limited or delayed in the event of the application of any federal bankruptcy laws or any other laws affecting creditors’ rights generally, and may be substantially delayed and subject to judicial discretion in the event of litigation

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

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

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

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

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

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

Suitability of Investment

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

Additional Debt

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

General Economic Conditions

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

Market for the Bonds

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

Bond Rating

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

Tax Implications

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

THE DISTRICT

General

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

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

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

<u>Member</u>	<u>Position</u>	<u>Term Ends</u>
Brian Celsor	Chair	12/31/2026
Al Barman	Vice Chair	12/31/2028
Billy Turner	Member	12/31/2028
Stacy Coffey	Member	12/31/2028
Berlinda Bazzell	Member	12/31/2026

The District serves approximately 3,123 students in preschool through grade 12 residing in Allen County, Kentucky. For the 2025-26 school year, enrollment consisted of 1,328 Elementary students (grades K-5), 698 Middle school students (grades 6-8), 961 High school students (grades 9-12), and 136 other students consisting of preschool age children and over 18 year olds. The District operated a total of five schools and learning centers for FYE 2026: one primary center, one intermediate center, one middle school, one alternative school and one high school.

During the 2025-26 school year, the District employed 235 full time teachers and 515 total employees. The District had a student to teacher ratio of approximately 14:1. 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. The Superintendent is the executive officer of the District. Key District administrative personnel include:

<u>Name</u>	<u>Position</u>
Travis Hamby	Superintendent
Brian Carter	Deputy Superintendent
Kristie McDuffie	Director of Finance

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; 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, 2025 are included as Appendix E.

Kentucky Department of Education Supervision

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

Each year, upon the receipt of local property assessments from the Kentucky Department of Revenue, the KDE certifies to the District (i) the general tax rate that the District could levy under Section 160.470(1) of the Kentucky Revised Statutes and the amount of revenue expected to be produced, (ii) the compensating tax rate, as defined in Section 132.010 of the Kentucky Revised Statutes, for the District’s general tax rate and

the amount of revenue expected to be produced, and (c) the general tax rate which will produce, respectively, no more revenue from real property, exclusive of any revenue from new property, than 4% over the amount of revenue produced by the compensating tax rate described in (ii) above, and the amount of revenue expected to be produced. Within thirty days after the District has received its tax assessment data, the rates levied by the District shall be forwarded to the KDE for its approval or disapproval.

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

Commonwealth Support for Education

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

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

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

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

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

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

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

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

Revenue Sources within the District

General Property and Motor Vehicle Tax

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

SEEK Program

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

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

Capital Outlay Allotment

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

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

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

FSPK Program

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

See "Appendix A – Tax Base and Operating Data" hereto for a recent history of the FSPK Program appropriations to the District.

Recallable Nickel

Pursuant to KRS 160.470 and KRS 132.017, in August 2023, the Board adopted and levied a 5 cent 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 generated an additional \$881,932 in local revenue based on 2025-26 assessments.

Equalized Facility Funding Nickel

On August 16, 2005, authorized by KRS 157.621(1)(a), the Board adopted and levied a 5-cent equivalent rate for debt service and for school facilities. The increase generated an additional \$881,932 of local revenue based on 2025-26 assessments.

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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 to include budgeted 2025-26 and 2026-27.

	General Fund				
	Tentative	Working	Actual		
	Budget	Budget			
	<u>2026-27</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Beginning Balance	\$ 9,459,187	\$ 9,459,187	\$ 7,365,132	\$ 5,379,469	\$ 3,621,758
Revenues:					
Local Sources	\$ 6,178,988	\$ 5,951,825	\$ 6,483,159	\$ 5,935,937	\$ 5,627,524
State Sources	25,590,357	25,091,223	22,923,794	21,714,693	22,792,895
Federal Sources	160,000	160,000	460,404	379,641	301,949
Capital Lease / Loan Proceeds	-	-	-	-	-
Transfers	534,837	708,150	1,519,059	1,058,929	1,711,979
Sale of Property, etc.	-	-	14,172	21,828	-
Total Revenues	<u>\$ 32,464,181</u>	<u>\$ 31,911,199</u>	<u>\$ 31,400,587</u>	<u>\$ 29,111,028</u>	<u>\$ 30,434,347</u>
Total of All Receipts Plus					
Beginning Balance	<u>\$ 41,923,368</u>	<u>\$ 41,370,386</u>	<u>\$ 38,765,719</u>	<u>\$ 34,490,497</u>	<u>\$ 34,056,105</u>
Expenditures:					
Total Current Expenses	\$ 41,864,106	\$ 41,311,124	\$ 29,249,838	\$ 27,035,500	\$ 28,618,068
Advancements, Loans & Transfers, etc.	<u>59,262</u>	<u>59,262</u>	<u>56,693</u>	<u>89,865</u>	<u>58,569</u>
Total Expenditures	<u>\$ 41,923,368</u>	<u>\$ 41,370,386</u>	<u>\$ 29,306,531</u>	<u>\$ 27,125,365</u>	<u>\$ 28,676,636</u>
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,459,187</u>	<u>\$ 7,365,132</u>	<u>\$ 5,379,469</u>

Source: Allen County School District

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Tax Base Information

Homestead Exemption

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

Limitation on Taxation

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

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

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

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

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

Investment Policy

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

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

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

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

Debt Limitation

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

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

Appendix F to this Official Statement contains a Statement of Indebtedness for the Board, certified by the Treasurer of the Board, that calculates the amount of the outstanding obligations of the Board (including the Bonds) that are subject to the 2% total direct debt limit. The total principal amount of general obligation debt that could be issued by the District, subject to the 2% debt limitation, is \$35,277,279, and the District's net debt subject to such limit presently outstanding (including the Bonds) is \$20,000,000*, leaving a balance of approximately \$15,277,279* borrowing capacity issuable within such limitation.

* Preliminary, subject to adjustment.

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

Bond Anticipation Notes

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

PENSION AND HEALTH BENEFIT OBLIGATIONS OF THE BOARD

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

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

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

KRS 161.675 requires TRS to provide postemployment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund (MIF) is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly. In order to fund the post-retirement healthcare benefit, 7.50% of the gross annual payroll of members is contributed. Member contributions are 3.75% and 0.75% is paid from state appropriation. Employer contributions are 3.00%. Also, the premiums collected from retirees and investment interest help meet the medical expenses of the plan.

Information regarding the District’s annual contributions to these plans are contained in the audited financial statements and notes thereto of the District attached hereto as “APPENDIX E: Audited Financial Statements for Fiscal Year Ended June 30, 2025.”

LEGAL MATTERS

General

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

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

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

Transcript and Closing Certificates

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

Litigation

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

Tax Treatment

General

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

that the Bonds will be exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

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

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

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

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

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

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

Original Issue Premium

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

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

Original Issue Discount

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

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

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

Corporate Alternative Minimum Tax

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

CONTINUING DISCLOSURE

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

(i) to the Municipal Securities Rulemaking Board (the “MSRB”), or to any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system, as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the SEC, for each fiscal year of the District, the information provided in Appendix A of the FOS under the heading “TAX BASE AND OPERATING DATA” and (ii) the audited financial statements of the District set forth in “Appendix E – Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2025” hereto. The Annual Financial Information shall be provided annually, within nine (9) months of the close of each fiscal year, commencing with the fiscal year ended June 30, 2026, provided, however, that the audited financial statements may not be available by such date, but shall be made available immediately upon delivery thereof by the auditors for the District; and

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

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or any other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for any mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;

- (j) Release, substitution, or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership, or other similar event of the District (Note: This event is considered to occur upon the occurrence of any of the following: The appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or under any other state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession of such assets or business, but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);
- (m) The consummation of any merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than in accordance with its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a Financial Obligation of the District, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect its security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or any other similar events under the terms of any Financial Obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

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

As of the date of this Official Statement, the District is in compliance with the reporting requirements of the Rule for the past five years for which it is an “obligated person,” as defined in the Rule.

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

Financial information regarding the District may be obtained from the Superintendent of the District at 570 Oliver Street, Scottsville, KY 42164.

RATING

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

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

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

UNDERWRITING

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

FISCAL AGENT

Robert W. Baird & Co., Incorporated, Louisville, Kentucky, will act as Fiscal Agent to the District (the "Fiscal Agent") in connection with the issuance and sale of the Bonds and will receive a fee, payable from the proceeds of the Bonds, for its services rendered as Fiscal Agent to the District, contingent upon the issuance and sale of the Bonds. The Fiscal Agent has compiled certain data relating to the Bonds contained herein. The Fiscal Agent is not obligated (i) to undertake, and has not undertaken, to make an independent verification of, or (ii) to assume responsibility for the accuracy, completeness, or fairness of the information contained herein. The Fiscal Agent is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

MISCELLANEOUS

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

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

BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY

By: /s/_____

APPENDIX A

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

TAX BASE AND OPERATING DATA

TAX BASE INFORMATION

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>
2025-26	\$.480	\$.533	\$.518
2024-25	.502	.533	.518
2023-24	.496	.496	.518
2022-23	.513	.513	.518
2021-22	.530	.533	.518

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>
2025-26	\$1,341,035,887	\$101,597,374	\$110,112,850	\$211,117,851	\$1,763,863,962
2024-25	1,255,675,452	113,617,180	93,773,321	201,839,999	1,664,905,952
2023-24	1,139,100,952	129,409,733	92,178,724	199,771,530	1,560,460,939
2022-23	1,042,214,216	110,468,026	90,295,324	177,110,030	1,420,087,596
2021-22	952,537,659	93,135,596	77,416,477	152,447,168	1,275,536,900

Revenue Collections⁽¹⁾

<u>Fiscal Year</u>	<u>Taxes Budgeted</u>	<u>Taxes Collected</u>	<u>Percent Collected vs Budgeted</u>
2025-26 ⁽²⁾	\$8,349,065	n/a	n/a
2024-25	8,153,357	\$8,085,633	99.2%
2023-24	7,822,443	7,694,855	98.4%
2022-23	7,383,905	7,294,296	98.7%
2021-22	6,794,917	6,873,241	101.2%

(1) Ad Valorem

(2) Estimates based on 2025-26 Working Budget Report

n/a = not available

Capital Outlay, SEEK, and FSPK Funding

<u>Fiscal Year</u>	<u>Capital Outlay</u>	<u>SEEK ⁽²⁾</u>	<u>FSPK</u>
2025-26 ⁽¹⁾	\$282,000	\$15,963,838	\$1,860,685
2024-25	279,060	14,672,122	1,931,551
2023-24	283,154	13,857,031	1,316,388
2022-23	278,898	13,200,970	1,413,518
2021-22	278,898	12,839,464	1,279,170

(1) Estimates based on 2025-26 Working Budget Report

(2) General Fund Revenues

History of Enrollment and ADA

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Average Daily Attendance</u>
2025-26 (est.)	3,149	2,822.3
2024-25	3,153	2,792.6
2023-24	2,978	2,831.5
2022-23	3,020	2,789.0
2021-22	2,928	2,789.0

Source: Allen County School District

APPENDIX B

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

OUTSTANDING BONDS OF THE DISTRICT

**ALLEN COUNTY SCHOOL DISTRICT
OUTSTANDING BONDS
AS OF JULY 1, 2026**

Payable from Local Source

<u>Bond Series</u>	<u>Issue of</u>	<u>Original Issue Amount</u>	<u>Bonds Retired</u>	<u>Bonds Outstanding</u>
Qualified School Construction Bonds, Taxable Series of 2010	September 7, 2010 ⁽²⁾	\$16,115,000	\$14,632,682	\$1,482,318
School Building Revenue Bonds, Series of 2013	October 1, 2013	7,408,478	3,366,582	4,041,896
School Building Revenue Bonds, Series of 2016	November 1, 2016	7,649,850	1,635,336	6,014,514
	Sub-Total	\$31,173,328	\$19,634,600	\$11,538,728

Payable from Non-Local Sources ⁽¹⁾

<u>Bond Series</u>	<u>Issue of</u>	<u>Original Issue Amount</u>	<u>Bonds Retired</u>	<u>Bonds Outstanding</u>
School Building Revenue Bonds, Series of 2013	October 1, 2013	\$2,096,522	\$1,113,418	\$983,104
School Building Revenue Bonds, Series of 2016	November 1, 2016	880,150	344,664	535,486
School Building Revenue Bonds, Series of 2025	December 18, 2025	850,000	850,000	-
	Sub-Total	\$3,826,672	\$2,308,082	\$1,518,590
Total		\$35,000,000	\$21,942,682	\$13,057,318

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

(2) The Series 2010 Qualified School Construction Bonds ("QSCBs") were issued with a bullet maturity of \$16,115,000 due on December 1, 2027. An invested sinking fund was established, into which the District makes annual principal sinking fund deposits. Earnings plus the annual principal deposits will be sufficient to retire the QSCBs at maturity. The bonds outstanding represent the remaining sinking fund payments.

Source: Allen County School District

APPENDIX C

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

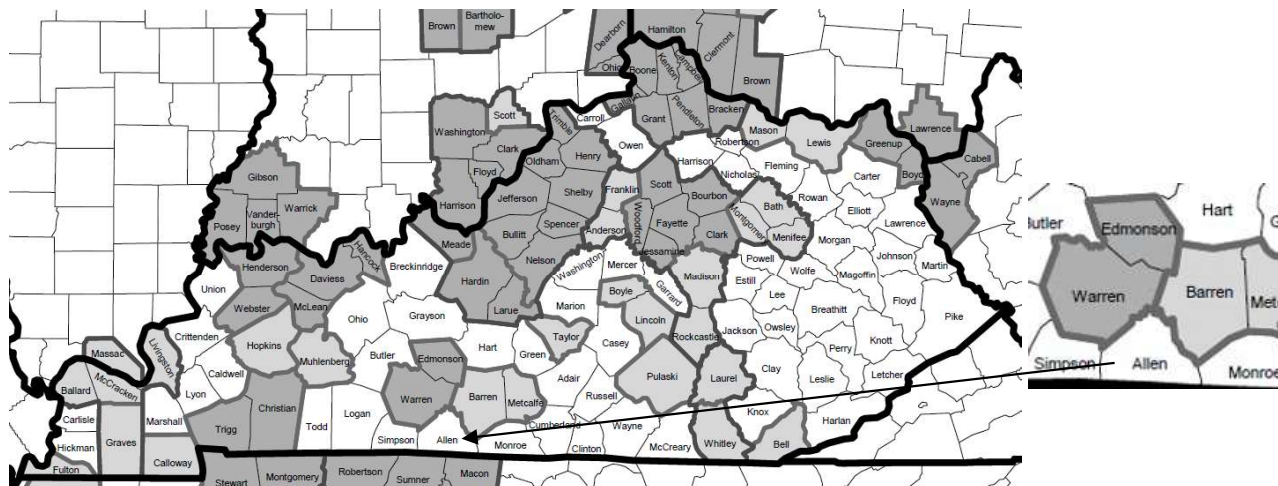
DEMOGRAPHIC AND ECONOMIC DATA

ALLEN COUNTY, KENTUCKY

Allen County covers a land area of 343 square miles and has an estimated 2026 population of 22,977 persons.

Scottsville, the county seat of Allen County, is located in the south-central portion of the state and lies on the edge of Kentucky's Western Coal Field Region. A good portion of the County borders Barren River Lake. Scottsville is located 64 miles north of Nashville, Tennessee; 119 miles south of Louisville, Kentucky; and 159 miles southwest of Lexington, Kentucky. The city had an estimated 2026 population of 4,525.

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 April 2026, the estimated labor supply was 258,791 persons available for jobs in the labor market area, which is defined as all counties that substantially fall within a 60-minute drive of the target county's county seat to include Barren, Edmonson, Monroe, Metcalfe, Simpson and Warren Counties in Kentucky and Macon, Sumner, and Trousdale Counties in Tennessee.

Major manufacturing employers in the surrounding area of south-central Kentucky are listed below:

<u>Firm</u>	<u>Products</u>	<u>Average Employment</u>
Dart Container Corporation	Food service packaging	1,600
Logan Aluminum Inc.	Aluminum processing	1,345
Bowling Green Metalforming	Fabricated metal	1,251
GM Corvette Assembly Plant	Automobile assembly	1,100
Henkel AG & Co.	Detergent and warehousing	930
Akebono Brake Glasgow	Disc brakes and disc brake pads	905
Kobe Aluminum Automotive Products	Aluminum forging	749
Franklin Precision Industry Inc.	Automotive fluid control components	662
Country Oven Bakery	Frozen dough, cakes, par baked rolls	645
Trace Die Cast Inc.	Die castings & secondary specialty machining	540

Source: Bowling Green Area Chamber of Commerce

Education

The Allen County School District provides primary and secondary education to portions of the County. There are 16 four-year institutions and 10 two-year institutions of higher learning campuses located within 60 miles of Allen County. Additionally, there are 8 technical schools within 60 miles of the County.

Transportation

Highways serving Allen County are US Route 231, and 31E as well as Kentucky Highways 100, 98, 90 and 163. The Cumberland Parkway can be accessed 60 miles southeast of Scottsville. 207 trucking companies provide interstate and/or intrastate service to Scottsville. Scheduled commercial airline service is available at the Louisville Muhammed Ali International Airport in Louisville, Kentucky, 113 miles northeast of Scottsville; and at the Nashville International Airport, 73 miles southwest of Scottsville. CSX Transportation provides rail service at Cave City, 38 miles northeast of Scottsville.

Power and Water Services

The Tri-County Electric Membership Corporation, Kentucky Power, and the Tennessee Valley Authority provide electric power to Allen County. Allen County Water District is the main water utility provider for most Allen County residents, while Scottsville is primarily served by the Scottsville Water Department.

Economic Data Allen County 2022-2026						
<u>Year</u>	<u>Per Capita Income</u>	<u>Median Family Income</u>	<u>Average Weekly Wage</u>	<u>Unemployment Rate</u>	<u>Civilian Labor Force</u>	<u>Employment</u>
2026	(1)	(1)	(1)	4.4 ⁽²⁾	(1)	(1)
2025	(1)	\$82,300	\$950.00	4.1	9,959	9,524
2024	\$42,837	76,900	\$916.00	4.7	9,822	9,379
2023	41,417	73,300	891.00	3.9	9,585	9,212
2022	40,990	61,700	814.00	3.8	9,473	9,117

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

(1) Data not available

(2) Preliminary, as of June 2026

The Economic Framework Allen County, Kentucky

<u>PERSONS BY INDUSTRY</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing & hunting, & mining	469	5.0%
Construction	584	6.3%
Manufacturing	1910	20.5%
Wholesale trade	270	2.9%
Retail trade	1017	10.9%
Transportation & warehousing, & utilities	751	8.1%
Information	45	0.5%
Finance & insurance & real estate	426	4.6%
Professional, scientific, management, administrative & waste management services	413	4.4%
Educational services, health care & social assistance	1920	20.6%
Arts, entertainment, recreation, accommodation & food services	1014	10.9%
Other services, except public administration	282	3.0%
Public administration	226	2.4%
Total All Industries	9,327	100%

Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates

Population

The U.S. Census Bureau American Community Survey estimate of population for Allen County and City of Scottsville, Kentucky is as follows:

	<u>Allen County, KY</u>	<u>Scottsville, KY</u>
2026 Estimate	23,035	4,714
2020 U.S. Census	20,577	4,291
2010 U.S. Census	20,023	4,246
2000 U.S. Census	17,786	4,249

Income

The U.S. Census Bureau, 2024 American Community Survey estimate of household income for Allen County and City of Scottsville, Kentucky is as follows:

	<u>Allen County, KY</u>		<u>Scottsville, KY</u>	
<u>HOUSEHOLDS BY INCOME</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$10,000	385	4.8%	132	7.5%
\$10,000 to \$14,999	257	3.2%	78	4.4%
\$15,000 to \$24,999	781	9.7%	241	13.7%
\$25,000 to \$34,999	947	11.8%	412	23.4%
\$35,000 to \$49,999	878	10.9%	171	9.7%
\$50,000 to \$74,999	1451	18.1%	140	8.0%
\$75,000 to \$99,999	1409	17.5%	329	18.7%
\$100,000 to \$149,999	1325	16.5%	193	11.0%
\$150,000 or MORE	340	4.2%	47	2.7%

Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates

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APPENDIX D

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

ESTIMATED DISTRICT DEBT SERVICE REQUIREMENTS FOR THE SERIES OF 2026 BONDS;
AND ESTIMATED TOTAL ANNUAL DISTRICT DEBT SERVICE REQUIREMENTS

Allen County School District Finance Corporation
General Obligation Bonds, Series of 2026

ESTIMATED DEBT SERVICE REQUIREMENTS ON SERIES OF 2026 BONDS

Date	100% District			Fiscal Total
	Principal	Interest	Total P+I	
2/1/2027	-	\$391,573.00	\$391,573.00	
8/1/2027	\$100,000	417,060.00	517,060.00	\$908,633.00
2/1/2028	-	415,485.00	415,485.00	
8/1/2028	420,000	415,485.00	835,485.00	1,250,970.00
2/1/2029	-	408,870.00	408,870.00	
8/1/2029	435,000	408,870.00	843,870.00	1,252,740.00
2/1/2030	-	402,018.75	402,018.75	
8/1/2030	440,000	402,018.75	842,018.75	1,244,037.50
2/1/2031	-	394,868.75	394,868.75	
8/1/2031	460,000	394,868.75	854,868.75	1,249,737.50
2/1/2032	-	387,163.75	387,163.75	
8/1/2032	475,000	387,163.75	862,163.75	1,249,327.50
2/1/2033	-	378,970.00	378,970.00	
8/1/2033	495,000	378,970.00	873,970.00	1,252,940.00
2/1/2034	-	370,307.50	370,307.50	
8/1/2034	640,000	370,307.50	1,010,307.50	1,380,615.00
2/1/2035	-	358,947.50	358,947.50	
8/1/2035	650,000	358,947.50	1,008,947.50	1,367,895.00
2/1/2036	-	347,085.00	347,085.00	
8/1/2036	695,000	347,085.00	1,042,085.00	1,389,170.00
2/1/2037	-	334,053.75	334,053.75	
8/1/2037	1,245,000	334,053.75	1,579,053.75	1,913,107.50
2/1/2038	-	309,153.75	309,153.75	
8/1/2038	1,295,000	309,153.75	1,604,153.75	1,913,307.50
2/1/2039	-	282,606.25	282,606.25	
8/1/2039	1,350,000	282,606.25	1,632,606.25	1,915,212.50
2/1/2040	-	254,256.25	254,256.25	
8/1/2040	1,410,000	254,256.25	1,664,256.25	1,918,512.50
2/1/2041	-	224,293.75	224,293.75	
8/1/2041	1,470,000	224,293.75	1,694,293.75	1,918,587.50
2/1/2042	-	192,321.25	192,321.25	
8/1/2042	1,535,000	192,321.25	1,727,321.25	1,919,642.50
2/1/2043	-	158,551.25	158,551.25	
8/1/2043	1,605,000	158,551.25	1,763,551.25	1,922,102.50
2/1/2044	-	122,840.00	122,840.00	
8/1/2044	1,680,000	122,840.00	1,802,840.00	1,925,680.00
2/1/2045	-	2,738.00	2,738.00	
8/1/2045	1,760,000	2,738.00	1,762,738.00	1,765,476.00
2/1/2046	-	1,410.50	1,410.50	
8/1/2046	1,840,000	1,410.50	1,841,410.50	1,842,821.00
Total	\$20,000,000	\$11,500,515.00	\$31,500,515.00	\$31,500,515.00

Allen County School District Finance Corporation
General Obligation Bonds, Series of 2026

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS ⁽¹⁾

Series of 2026 Bonds

Fiscal Year Ending 6/30	Principal	Interest	Total P+I	Existing Net Restricted Fund Debt Service ⁽¹⁾	New Total Debt Service
2027	-	\$391,573.00	\$391,573.00	\$1,845,324	\$2,236,897
2028	\$100,000	832,545.00	932,545.00	1,852,589	2,785,134
2029	420,000	824,355.00	1,244,355.00	1,285,718	2,530,073
2030	435,000	810,888.75	1,245,888.75	1,285,212	2,531,101
2031	440,000	796,887.50	1,236,887.50	1,291,361	2,528,249
2032	460,000	782,032.50	1,242,032.50	1,285,887	2,527,919
2033	475,000	766,133.75	1,241,133.75	1,288,785	2,529,919
2034	495,000	749,277.50	1,244,277.50	1,286,611	2,530,888
2035	640,000	729,255.00	1,369,255.00	661,835	2,031,090
2036	650,000	706,032.50	1,356,032.50	665,663	2,021,696
2037	695,000	681,138.75	1,376,138.75	656,277	2,032,416
2038	1,245,000	643,207.50	1,888,207.50	-	1,888,208
2039	1,295,000	591,760.00	1,886,760.00	-	1,886,760
2040	1,350,000	536,862.50	1,886,862.50	-	1,886,863
2041	1,410,000	478,550.00	1,888,550.00	-	1,888,550
2042	1,470,000	416,615.00	1,886,615.00	-	1,886,615
2043	1,535,000	350,872.50	1,885,872.50	-	1,885,873
2044	1,605,000	281,391.25	1,886,391.25	-	1,886,391
2045	1,680,000	207,460.00	1,887,460.00	-	1,887,460
2046	1,760,000	128,320.00	1,888,320.00	-	1,888,320
2047	1,840,000	43,700.00	1,883,700.00	-	1,883,700
Total	\$20,000,000	\$11,748,858	\$31,748,858	\$13,405,262	\$45,154,120

(1) The Series 2010 Qualified School Construction Bonds ("QSCBs") were issued with a bullet maturity of \$16,115,000 due on December 1, 2027. An invested sinking fund was established, into which the District and School Facilities Construction Commission make annual principal sinking fund deposits. Earnings plus the annual principal deposits will be sufficient to retire the QSCBs at maturity. The bonds outstanding represent the remaining sinking fund payments.

APPENDIX E

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

AUDITED FINANCIAL STATEMENT AS OF THE FISCAL YEAR ENDED JUNE 30, 2025

ALLEN COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORT
For the Year Ended June 30, 2025**

**ALLEN COUNTY SCHOOL DISTRICT
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**ALLEN COUNTY SCHOOL DISTRICT
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CAMPBELL, MYERS AND RUTLEDGE, PLLC

R. Brent Billingsley, CPA ■ Jenna B. Glass, CPA ■ Lane S. Norris, CPA ■ Ryan A. Mosier, CPA

Jordan T. Constant, CPA ■ Cindy L. Greer, CPA ■ L. Joe Rutledge, CPA

Independent Auditor's Report

Members of the Board of Education
Allen County School District
Scottsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allen County School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Allen County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allen County School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 Allen County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Allen County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and OPEB information on pages 4-9 and 51-60 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 Allen County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 January 6, 2026, on our consideration of the Allen County School 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 Allen County School District 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 Allen County School District's internal control over financial reporting and compliance.

Campbell, Myers & Rutledge, PLLC

Certified Public Accountants

Glasgow, Kentucky
January 6, 2026

**ALLEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2025**

As management of the Allen 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, 2025. 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 cash balance in the General Fund for the District was \$6,899,782 and ending cash was \$9,396,539, an increase of \$2,496,757.
- The General Fund beginning Fund Balance was \$7,365,132. The ending Fund Balance is \$9,459,187, an increase of \$2,094,055.
- The General Fund had \$29,867,355 in current year revenue. This is a net increase of 6.6% (\$1,837,084) from the prior year. The District experienced a 4% overall decrease in Motor Vehicle Tax revenue, a 5.37% increase in State revenue, a 21.27% increase in Investment Income, and a 10.35% increase in Property Tax Revenue, which includes increases due to new construction.
- The District received \$14,172 from the sale of surplus items.
- Indirect Costs is a mechanism that allows federally assisted programs to bear their fair share of administrative and other overhead expenses including use of facilities and payroll for administrative services provided by the District. Each year KDE calculates the Indirect Cost Ratio to use for the subsequent year by dividing total indirect costs by total direct costs as reported on the district's prior year AFR. The Food Service fund transferred \$161,331 into the General Fund for indirect costs. The Special Revenue Fund transferred \$335,789 into the General Fund for indirect costs.
- Funds allocated to the Capital Outlay Fund and the Building Fund are used for debt service and to purchase/ construct/ improve/ maintain our facilities. When qualifying expenses are incurred by the General Fund, transfers from the Capital Outlay and Building Funds are allowed and used to reimburse the General Fund. The Capital Outlay Fund transferred \$279,260 into the General Fund to help cover the cost of two new buses. The Building Fund transferred \$742,679 into the General Fund to cover expenditures including repair/replace flooring at ACPC, Centegix Safety Platform 5 year agreement, Road Widening construction project, and other miscellaneous capital items.
- The General Fund had \$29,249,838 in current year expenditures. This is a net increase of 8.2% (\$2,214,338) from the prior year.

**ALLEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2025**

FINANCIAL HIGHLIGHTS, CONTINUED

Increases in expenditures are as follows:

- 5.9% (\$1,133,961) increased spending in Instruction, Student Support Services, & Instructional Staff Support Services, primarily due to staff raises.
 - 12.5% (\$99,185) increased spending in District Administration. This was primarily due to increase Sick Leave payout and Workers Compensation Insurance allocation from the prior year. There was also an increase in Tax Collection Fees associated with the increase in the taxes collected by the Sheriff's Office on our behalf, Legal and Accounting Fees.
 - 17.3% (\$405,779) increased spending in Plant Operations, Maintenance, Building Operations and Grounds Keeping. This was primarily due to an increase in repair and maintenance costs and general supplies.
 - 9.9% (\$196,138) increased spending in Transportation. This was primarily due to increased salary and benefits.
 - 210.4% (\$313,423) increased spending in Facilities and Construction, primarily due to the Road Widening Project.
-
- State revenue for the Capital Outlay Fund was \$279,260, a decrease from the prior year of \$3,894. Expenditures for the fund totaled \$279,260. These funds were transferred into the General Fund to help cover the purchase of 2 new buses.
 - State revenue for the Building Fund was \$1,931,551, an increase of 43.73% (\$615,163) from the prior year. This significant growth is primarily the result of the District's passage of the Recallable Nickel in FY24, which qualified Allen County Schools for an additional state match. Local Building Fund tax revenue was \$2,549,148, an increase of 4.1% from the previous year. Overall, total Building Fund revenue increased by 19% (\$717,295).
 - Expenditures for the Building Fund totaled \$6,108,335. (The District carried \$1,627,636 forward from prior year revenue). They used \$2,432,463 of these funds make debt service payments and \$742,679 was transferred into the General Fund to cover expenditures including repair/replace flooring at ACPC, Centegix Safety Platform 5 year agreement, Road Widening construction project, and other miscellaneous capital items. Also \$2,933,193 was transferred into Fund 360 to help fund the new Athletic Complex Project.
 - There were two inter-fund transfers from the General Fund to the KETS grant for the technology offer of assistance totaling \$56,693.
 - The Special Revenue Fund received \$9,835,967 in revenue in FY 25, a decrease of 24.8% from the prior year.

**ALLEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The District's statement of net position shows an unrestricted balance of (\$3,271,927). Kentucky's state employee retirement systems' liabilities exceed their assets. Because our district employs recipients of these benefits, we are required to record an appropriate allocation on our books to represent our portion of those liabilities. The FY 25 and FY 24 net Pension and OPEB liabilities on the District's books were (\$12,753,060) and (\$15,189,615), respectively.

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. Taxes and intergovernmental revenues also support fixed assets and related debt.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds. The proprietary fund is food service operations (Fund 51).

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

**ALLEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$34,569,904, as of June 30, 2025. Included in this amount are Pension and OPEB Unfunded Liabilities netted with Deferred Inflows and Outflows totaling \$12,797,849.

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Current year financial position increased as a result of increased revenues and continued management of expenditures.

Net Position for the period ending June 30, 2025 in comparison to June 30, 2024

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Current assets	\$ 17,312,797	\$ 13,815,967
Noncurrent assets	49,272,297	50,410,730
Total assets	<u>66,585,094</u>	<u>64,226,697</u>
Deferred outflows of resources	<u>4,110,154</u>	<u>5,425,647</u>
Current liabilities	4,395,856	4,630,897
Noncurrent liabilities	25,799,714	29,047,274
Total liabilities	<u>30,195,570</u>	<u>33,678,171</u>
Deferred inflows of resources	<u>5,929,774</u>	<u>8,320,035</u>
Net position:		
Investment in capital assets (net of debt)	34,376,045	33,304,471
Restricted	3,455,295	2,192,912
Unrestricted	(3,261,436)	(7,843,245)
Total net position	<u><u>\$ 34,569,904</u></u>	<u><u>\$ 27,654,138</u></u>

**ALLEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

**Change in Net Position, Governmental Funds, for the period ending June 30, 2025 in
comparison to June 30, 2024**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Program Revenues:		
Charges for services	\$ 128,583	\$ 119,203
Operating grants	21,263,850	22,304,480
Capital grants	1,190,443	3,159,011
General Revenues:		
Taxes	8,342,848	7,817,517
State aid formula grant	17,418,105	15,868,976
Investment earnings	1,086,965	989,851
Miscellaneous	120,644	119,871
	<u>49,551,438</u>	<u>50,378,909</u>
Program Expenses:		
Instruction	25,278,680	24,581,002
Student support services	1,541,459	1,623,373
Instructional support	1,416,389	1,499,901
District administration	970,148	838,124
School administration	1,752,248	1,701,245
Business support	748,496	687,962
Plant operations	3,070,546	2,565,692
Student transportation	2,228,845	2,058,816
Other	1,094,193	814,213
Community service activities	477,821	422,949
Interest on long-term debt	1,220,268	1,267,289
Food Service	2,836,579	2,724,615
Total expenses	<u>42,635,672</u>	<u>40,785,181</u>
Change in net position	<u><u>\$ 6,915,766</u></u>	<u><u>\$ 9,593,728</u></u>

BUDGETARY IMPLICATIONS

In Kentucky, the public schools fiscal year is July 1 to June 30: other programs, i.e. some federal 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 Allen County Board of Education adopted a budget with an unassigned contingency of 8.03% and 14.7% for FY24 and FY25 respectively. This increase is due to strong revenue performance and conservative expenditure management throughout FY25.

The beginning General Fund carryforward balance for FY25 was \$7,499,326, and the FY25 budgeted revenues were \$30,059,554. The district currently participates in approximately 67 local, state and federal grants. The total FY 2025 budget for these grants was \$14,431,708.

**ALLEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2025**

OTHER NOTES

Retirement: KTRS employer matching portion for federal wages remained the same for 2024-2025. The KTRS non-federally funded employers rate will remain the same at 3%. Classified retirement rates saw a meaningful decrease in FY 2025 to 19.71%, down from 23.34% FY 2024, reducing pressure on district budgets.

Cash Requirements: Applying for grant reimbursements and monitoring the grants is something the district must do constantly. While waiting for grants to be reimbursed, the district must maintain a significant cash balance in order to pay these expenses in advance.

Revenue: Local property tax revenue made up approximately 19.4% of the FY25 General Fund total revenue less fund transfers and proceeds from the sale of assets. Property taxes are levied annually, usually in October, on the assessed value for all real and personal property, as well as motor vehicles in the district as of January 1st of the prior year. However, the real property revenue is not received until the months of November – February which means that the General Fund's beginning balance is used to pay much of the first few months of expenditures. It is very important to have a substantial beginning balance to start the beginning of each year. This timing difference means maintaining a healthy beginning balance is essential in order to meet payroll and operational expenses during the early months of the fiscal year.

Questions regarding this report should be directed to Superintendent Travis Hamby, Allen County Schools; 570 Oliver Street, Scottsville, KY 42164.

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business Type Activities	Total
Assets:			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 12,886,557	\$ 2,505,426	\$ 15,391,983
Inventory	-	33,788	33,788
Accounts receivable			
Taxes - current	138,518	-	138,518
Other	1,582,532	42,460	1,624,992
Prepaid expenditures - current	123,516	-	123,516
Total current assets	<u>14,731,123</u>	<u>2,581,674</u>	<u>17,312,797</u>
<u>Noncurrent Assets:</u>			
Right of use asset	335,457	-	335,457
Prepaid expenditures - noncurrent	205,966	-	205,966
Net OPEB asset	-	44,789	44,789
Nondepreciated capital assets	1,168,828	-	1,168,828
Capital assets	92,176,720	1,528,895	93,705,615
Less: accumulated depreciation	<u>(45,183,469)</u>	<u>(1,004,889)</u>	<u>(46,188,358)</u>
Total noncurrent assets	<u>48,703,502</u>	<u>568,795</u>	<u>49,272,297</u>
Total assets	<u>63,434,625</u>	<u>3,150,469</u>	<u>66,585,094</u>
<u>Deferred Outflows of Resources:</u>			
Deferred savings on debt refundings	9,665	-	9,665
Deferred outflows relating to net pension and OPEB liability	<u>3,636,811</u>	<u>463,678</u>	<u>4,100,489</u>
Total deferred outflows of resources	<u>3,646,476</u>	<u>463,678</u>	<u>4,110,154</u>
Liabilities:			
<u>Current Liabilities:</u>			
Accounts payable	175,250	3,254	178,504
Unearned revenue	910,032	-	910,032
Accrued liabilities	720,868	-	720,868
Current portion of lease liability	49,176	-	49,176
Current portion of bond obligations	1,820,947	-	1,820,947
Current portion of accrued sick leave	380,085	-	380,085
Accrued interest	<u>336,244</u>	<u>-</u>	<u>336,244</u>
Total current liabilities	<u>4,392,602</u>	<u>3,254</u>	<u>4,395,856</u>
<u>Noncurrent Liabilities:</u>			
Noncurrent portion of lease liability	240,030	-	240,030
Noncurrent portion of bond obligations	13,040,181	-	13,040,181
Noncurrent portion of accrued sick leave	516,211	-	516,211
Net OPEB liability	3,825,003	-	3,825,003
Net pension liability	<u>6,631,325</u>	<u>1,546,964</u>	<u>8,178,289</u>
Total noncurrent liabilities	<u>24,252,750</u>	<u>1,546,964</u>	<u>25,799,714</u>
Total liabilities	<u>28,645,352</u>	<u>1,550,218</u>	<u>30,195,570</u>
<u>Deferred Inflows of Resources:</u>			
Deferred inflow related to debt defeasance	1,034,728	-	1,034,728
Deferred inflows relating to net pension and OPEB liability	<u>4,311,429</u>	<u>583,617</u>	<u>4,895,046</u>
Total deferred inflows of resources	<u>5,346,157</u>	<u>583,617</u>	<u>5,929,774</u>
<u>Net Position:</u>			
Invested in capital assets, net of related debt	33,852,039	524,006	34,376,045
Restricted for:			
Capital projects	2,979,571	-	2,979,571
Student activities	475,724	-	475,724
Unrestricted	<u>(4,217,742)</u>	<u>956,306</u>	<u>(3,261,436)</u>
Total net position	<u>\$ 33,089,592</u>	<u>\$ 1,480,312</u>	<u>\$ 34,569,904</u>

See accompanying notes to financial statements.

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
June 30, 2025

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities:							
Instruction	\$ 23,644,001	\$ -	\$ 16,254,704	\$ -	\$ (7,389,297)	\$ -	\$ (7,389,297)
Support services							
Student	1,419,409	-	202,397	-	(1,217,012)	-	(1,217,012)
Instructional staff	1,416,325	-	67,346	-	(1,348,979)	-	(1,348,979)
District administrative	871,917	-	1,909	-	(870,008)	-	(870,008)
School administrative	1,752,248	-	1,090	-	(1,751,158)	-	(1,751,158)
Business	748,496	-	58,216	-	(690,280)	-	(690,280)
Plant operations and maintenance	2,147,728	2,000	229,984	77,196	(1,838,548)	-	(1,838,548)
Student transportation	1,983,488	-	-	-	(1,983,488)	-	(1,983,488)
Other	1,094,193	-	1,094,193	-	-	-	-
Community service activities	477,821	-	494,997	-	17,176	-	17,176
Principal on long-term debt	-	-	-	228,752	228,752	-	228,752
Interest and other charges on long-term debt	1,220,268	-	-	785,897	(434,371)	-	(434,371)
Depreciation (unallocated)	3,023,199	-	-	-	(3,023,199)	-	(3,023,199)
Total governmental activities	39,799,093	2,000	18,404,836	1,091,845	(20,300,412)	-	(20,300,412)
Business-Type Activities:							
Food Service	2,836,579	126,583	2,859,014	98,598	-	247,616	247,616
Total business-type activities	2,836,579	126,583	2,859,014	98,598	-	247,616	247,616
Total primary government	\$ 42,635,672	\$ 128,583	\$ 21,263,850	\$ 1,190,443	\$ (20,300,412)	\$ 247,616	\$ (20,052,796)
General Revenues:							
Taxes:							
					\$ 7,074,898	\$ -	\$ 7,074,898
				Property taxes	1,149,252	-	1,149,252
				Motor vehicle taxes	118,698	-	118,698
				Other	963,215	123,750	1,086,965
				Investment earnings	17,418,105	-	17,418,105
				State and formula grants	120,644	-	120,644
				Miscellaneous	26,844,812	123,750	26,968,562
				Total general revenues	161,331	(161,331)	-
				Transfers			
				Total General Revenues and Transfers	27,006,143	(37,581)	26,968,562
				Change in net position	6,705,731	210,035	6,915,766
				Net position - beginning	26,383,861	1,270,277	27,654,138
				Net position - ending	\$ 33,089,592	\$ 1,480,312	\$ 34,569,904

See accompanying notes to financial statements.
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ALLEN COUNTY SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Special Revenue	Building Fund	Construction Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets and resources:							
Cash and cash equivalents	\$ 9,396,539	\$ -	\$ 51,789	\$ 2,952,014	\$ -	\$ 486,215	\$ 12,886,557
Interfund receivables	779,406	-	-	-	-	-	779,406
Accounts receivable:							
Taxes-current	138,518	-	-	-	-	-	138,518
Other	-	860,701	-	-	721,831	-	1,582,532
Prepaid expenditures	-	123,516	-	-	-	-	123,516
Total assets and resources	\$ 10,314,463	\$ 984,217	\$ 51,789	\$ 2,952,014	\$ 721,831	\$ 486,215	\$ 15,510,529
Liabilities and fund balance:							
Liabilities:							
Interfund payables	\$ -	\$ 57,575	\$ -	\$ -	\$ 721,831	\$ -	\$ 779,406
Accounts payable	134,408	16,610	-	24,232	-	-	175,250
Accrued liabilities	720,868	-	-	-	-	-	720,868
Unearned revenue	-	910,032	-	-	-	-	910,032
Total liabilities	855,276	984,217	-	24,232	721,831	-	2,585,556
Fund balances:							
Restricted	-	-	51,789	2,927,782	-	475,724	3,455,295
Committed	2,426,958	-	-	-	-	-	2,426,958
Assigned	704,634	-	-	-	-	10,491	715,125
Unassigned	6,327,595	-	-	-	-	-	6,327,595
Total fund balances	9,459,187	-	51,789	2,927,782	-	486,215	12,924,973
Total liabilities and fund balances	\$ 10,314,463	\$ 984,217	\$ 51,789	\$ 2,952,014	\$ 721,831	\$ 486,215	\$ 15,510,529

See accompanying notes to financial statements.

ALLEN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2025

Total fund balance per fund financial statements	\$ 12,924,973
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Amounts reported for governmental activities in the statement of net position are different because:

Noncurrent assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	48,703,502
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Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet. The value of the net deferred outflow is \$9,665 net of accumulated amortization.	9,665
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Net pension liability and the net OPEB liability are not due and payable in the current period and therefore not recorded in the fund financial statements.	(10,456,328)
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Deferred inflows relating to debt defeasance are not financial resources and therefore are not reported as liabilities in the Governmental Funds Balance Sheet. The value of the net deferred inflow is \$1,034,728, net of accumulated amortization	(1,034,728)
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Deferred inflows of resources are not due and payable in the current period and not reported in the fund financial statements.	(4,311,429)
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Deferred outflows of resources are not current resources and not reported in the fund financial statements.	3,636,811
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Certain liabilities, including bonds payable, are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position. Long-term liabilities at year end consist of:	
Bonds Payable	(14,861,128)
Accrued Interest	(336,244)
Lease Liability	(289,206)
Compensated Absences	(896,296)

Net position for governmental activities	\$ 33,089,592
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ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Special Revenue	Building Fund	Construction Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
From local sources:							
Taxes:							
Property	\$ 4,896,897	\$ -	\$ 2,178,001	\$ -	\$ -	\$ -	\$ 7,074,898
Motor vehicles	778,106	-	371,146	-	-	-	1,149,252
Other	118,698	-	-	-	-	-	118,698
Earnings on investments	580,985	13,037	-	3,241	-	-	597,263
Other local revenues	108,472	159,675	-	-	-	538,891	807,038
Intergovernmental-state	22,923,793	1,931,671	1,931,552	-	292,818	279,260	27,359,094
Intergovernmental-indirect federal	-	3,879,391	-	-	-	-	3,879,391
Intergovernmental-direct federal	460,404	3,795,500	-	-	721,831	-	4,977,735
Total revenues	29,867,355	9,779,274	4,480,699	3,241	1,014,649	818,151	45,963,369
Expenditures:							
Instruction	17,538,062	7,350,046	-	-	-	497,619	25,385,727
Support services:							
Student	1,314,531	202,397	-	-	-	-	1,516,928
Instructional staff	1,436,778	67,346	-	-	-	-	1,504,124
District administration	893,899	1,909	-	-	-	-	895,808
School administration	1,927,719	1,090	-	-	-	-	1,928,809
Business	736,509	58,216	-	-	-	-	794,725
Plant operations and maintenance	2,749,555	229,984	-	-	-	-	2,979,539
Student transportation	2,179,066	-	-	-	-	-	2,179,066
Other	-	1,094,193	-	-	-	-	1,094,193
Facilities and construction	462,353	-	-	77,196	-	-	539,549
Community service activities	11,366	494,997	-	-	-	-	506,363
Debt service	-	-	-	-	3,447,112	-	3,447,112
Total expenditures	29,249,838	9,500,178	-	77,196	3,447,112	497,619	42,771,943
Excess (deficit) of revenues over expenditures	617,517	279,096	4,480,699	(73,955)	(2,432,463)	320,532	3,191,426
Other financing sources (uses):							
Proceeds from sale of fixed assets	14,172	-	-	-	-	-	14,172
Proprietary fund transfers in	161,331	-	-	-	-	-	161,331
Operating transfers in	1,357,728	56,693	-	2,933,193	2,432,463	-	6,780,077
Operating transfers out	(56,693)	(335,789)	(6,108,335)	-	-	(279,260)	(6,780,077)
Total other financing sources (uses)	1,476,538	(279,096)	(6,108,335)	2,933,193	2,432,463	(279,260)	175,503
Net Change in Fund Balances	2,094,055	-	(1,627,636)	2,859,238	-	41,272	3,366,929
Fund balance, July 1, 2024	7,385,132	-	1,679,425	68,544	-	444,943	9,558,044
Fund balance, June 30, 2025	\$ 9,459,187	\$ -	\$ 51,789	\$ 2,927,782	\$ -	\$ 486,215	\$ 12,924,973

ALLEN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net changes in total fund balances per fund financial statements	\$ 3,366,929
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the government wide statements and are depreciated over their estimated economic lives. The difference is the amount by which depreciation exceeds capital outlay for the year.	(1,738,979)
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The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities	2,226,880
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Bond and financing lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	2,241,159
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Present value of savings from bond refinance are shown as income on the statement of activities; however, they do not provide current financial resources and are not shown on the fund financial statements.	365,952
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Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>243,790</u>
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Change in net position of governmental activities	<u><u>\$ 6,705,731</u></u>
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ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	<u>Food Service Fund</u>
Assets	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 2,505,426
Accounts receivable	42,460
Inventory	<u>33,788</u>
Total current assets	<u>2,581,674</u>
<u>Noncurrent Assets</u>	
Net OPEB asset	44,789
Capital assets	1,528,895
Less: accumulated depreciation	<u>(1,004,889)</u>
Total noncurrent assets	<u>568,795</u>
Total assets	<u>3,150,469</u>
 <u>Deferred Outflows of Resources</u>	
Deferred amounts related to net pension & OPEB liability	<u>463,678</u>
 Liabilities	
<u>Current Liabilities</u>	
Accounts payable	<u>3,254</u>
Total current liabilities	<u>3,254</u>
<u>Noncurrent Liabilities</u>	
Net pension liability	<u>1,546,964</u>
Total noncurrent liabilities	<u>1,546,964</u>
Total liabilities	<u>1,550,218</u>
 <u>Deferred Inflows of Resources</u>	
Deferred amounts related to net pension & OPEB liability	<u>583,617</u>
 Net Position	
Invested in capital assets	
net of related debt	524,006
Unrestricted	<u>956,306</u>
Total net position	<u><u>\$ 1,480,312</u></u>

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 123,797
Other operating revenue	<u>2,786</u>
Total operating revenues	<u>126,583</u>
Operating Expenses:	
Salaries, wages and benefits	1,090,842
Professional and contract services	49,386
Material and supplies	1,647,735
Depreciation	<u>48,616</u>
Total operating expenses	<u>2,836,579</u>
Operating income (loss)	<u>(2,709,996)</u>
Non-Operating Revenues (Expenses)	
Federal grants	2,623,306
Donated commodities	98,598
State grants & funding	235,708
Fund transfer out	(161,331)
Interest income	<u>123,750</u>
Total non-operating revenues	<u>2,920,031</u>
Change in net position	210,035
Net position, July 1, 2024	<u>1,270,277</u>
Net position, June 30, 2025	<u><u>\$ 1,480,312</u></u>

**ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025**

	<u>Food Service Fund</u>
Cash Flows From Operating Activities	
Cash received from:	
Lunchroom sales	\$ 119,083
Cash paid to/for	
Employees	(1,082,750)
Supplies	(1,517,055)
Other activities	<u>(49,386)</u>
Net cash provided (used)	
by Operating Activities	<u>(2,530,108)</u>
Cash Flows from Noncapital	
Financing Activities	
Fund transfer out	(161,331)
Government grants	<u>2,641,247</u>
Net cash provided (used)	
by Noncapital Financing Activities	<u>2,479,916</u>
Cash Flows from Capital and Related	
Financing Activities:	
Acquisition of capital assets	<u>(97,946)</u>
Net cash provided (used)	
by Capital and Related Financing Activities	<u>(97,946)</u>
Cash Flows from Investing Activities:	
Receipt of interest income	<u>123,750</u>
Net cash provided (used)	
by Investing Activities	<u>123,750</u>
Net increase (decrease) in cash	
and cash equivalents	(24,388)
Cash Balances, beginning of year	<u>2,529,814</u>
Cash Balances, end of year	<u>\$ 2,505,426</u>
Reconciliation of operating income	
(loss) to net cash provided (used)	
by operating activities:	
Operating income (loss)	\$ (2,709,996)
Adjustments to reconcile operating	
income (loss) to net cash provided	
(used) by operating activities:	
On-behalf payments received	217,767
Commodities used	98,598
Depreciation	48,616
Change in assets and liabilities:	
Inventory	56,747
Accounts receivable	(7,500)
Net pension liability	(79,487)
Deferred outflow	142,747
Net OPEB liability	(9,793)
Deferred inflow	(263,142)
Accounts payable	<u>(24,665)</u>
Net cash provided (used)	
by operating activities	<u>\$ (2,530,108)</u>
Schedule of non-cash transactions	
On-behalf payments	<u>\$ 217,767</u>
Donated commodities received	
from federal government	<u>\$ 98,598</u>

See accompanying notes to financial statements.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

1. Summary of Significant Accounting Policies:

Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operations of the Allen County School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. The District is not involved in budgeting or managing these organizations, is not responsible for any debt of the organizations, and has no influence over the operations of these organizations.

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

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

Allen County School District Finance Corporation – The Allen County Board of Education resolved to authorize the establishment of the Allen County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.190) (the "Corporation") as an agency for District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation

District-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the District. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

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

In the District-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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. 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 position. Proprietary funds are reported using the economic resources measurement focus. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. The District has the following funds:

I. Governmental Fund Types

- a. The General Fund is the primary operating fund of the District and is always classified as a major fund. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered resources available for use.
- b. The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

I. Government Fund Types, Concluded

1. The *Special Revenue (Grant) Fund* includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. The Kentucky Department of Education has deemed this fund to always be classified as a major fund.
 2. The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by the Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.
 3. The *Special Revenue Student Activity Fund* includes funds restricted to expenditures for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Kentucky Department of Education *Uniform Program of Accounting for School Activity Funds*.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 2. The Facility Support Program of Kentucky (FSPK), Building Fund, accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- d. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Concluded

II. Proprietary Fund Types (Enterprise Fund)

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

District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Invested in Capital Assets, Net of Related Debt – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributed to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors or laws or regulations, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements

Under GASB 54, fund balance is separated into five categories, as follows:

- Nonspendable – Permanently nonspendable by decree of the donor, such as endowment, or items which may not be used for another purpose, such as amounts used to prepay future expenses or already purchased inventory on hand.
- Restricted – Legally restricted under federal or state law, bond authority, or grantor contract.
- Committed – Commitments passed by the Board.
- Assigned – Funds assigned to management priority including issued encumbrances.
- Unassigned – Funds available for future operations.

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

1. Summary of Significant Accounting Policies, Continued:

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, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the first 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, revenue from nonexchange transactions must also be available before it can be recognized.

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

In order to present the Special Revenue Fund on the accrual basis of accounting, and because the awards are not yet available as assets, cash awards received in advance for the 2025-2026 school year have been classified as deferred revenues. Likewise, all awards requested as a result of 2024-2025 expenditures have been classified as receivables. Revenues of the Special Revenue Fund are considered earned when reimbursed expenditures are made or obligations are incurred, and of equal amount.

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The 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. Unused donated commodities are reported as deferred revenue.

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

1. Summary of Significant Accounting Policies, Continued:

Property Taxes

Property tax revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 60 days after tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were \$.502 per \$100 valuation for real property, \$.533 per \$100 valuation for business personal property and \$.518 per \$100 valuation for motor vehicles.

The following is the District's property tax calendar:

Date Event

January 1, year of levy	Assessment date
September 15, year of levy	Taxes levied
November 1, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 1, following year	Delinquent date, subject to lien

Capital Assets

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

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

1. Summary of Significant Accounting Policies, Continued:

Capital Assets, Concluded

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Interfund Balances

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

Compensated Absences

The District's policies regarding sick leave permit employees to accumulate earned but unused sick leave. Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Personnel cannot exceed 300 days of sick leave.

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

The entire compensated absence liability is reported on the government-wide statements. The balance is estimated as if employees had twenty-seven years of service and eligible for retirement as of June 30, 2025. The current portion is the portion that is allocable to employees who have twenty-seven years of service or more or have reached eligible retirement age.

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using the expendable available resources. These amounts are recorded in the general fund. The noncurrent portion of the liability is not reported and no portion is allocated to the Proprietary Fund.

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Summary of Significant Accounting Policies, Continued:

Compensated Absences

The changes in the compensated absence balances are as follows:

	<u>2024</u>	<u>Increase (Decrease)</u>	<u>2025</u>
Current portion of accrued sick leave	\$ 401,129	\$ 21,044	\$ 380,085
Noncurrent portion of accrued sick leave	501,055	(15,156)	516,211
Total accrued sick leave	<u>\$ 902,184</u>	<u>\$ 5,888</u>	<u>\$ 896,296</u>

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

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

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

Once the budget is approved, it can be amended. Amendments can be presented to the Board at their regular meetings. The Superintendent reviews all amendments and presents them to the Board for approval as appropriate. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

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

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Proprietary Fund. Inventory consists of donated and purchased foods held for resale and are expensed when used. Purchased food is valued at cost (first-in, first-out method) and U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2025 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Summary of Significant Accounting Policies, Concluded:

Accrued Liabilities and Long-Term Obligations

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

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Donated Commodities

The fair value of donated commodities received during the year is reported in the Proprietary Fund Statement of Revenues, Expenditures and Changes in Net Position as an expense and as donated commodities revenue (nonoperating revenue).

Pensions and Other Post-Employment Benefits (OPEB)

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

2. Estimates:

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

3. Deferred Outflows/Inflows of Resources:

The District adopted GASB No. 63 and in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows associated with their pension and OPEB liabilities totaling \$4,100,489. Also, deferred savings on refinancing of bonds of \$9,665 net of accumulated amortization of \$249,517 qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows relating to net pension and OPEB liabilities totaling \$4,895,046 that qualify for reporting in this category. Also, deferred inflow related to debt defeasance of \$1,034,728 net of accumulated amortization of \$2,480,569 qualifies for reporting in this category.

4. Cash Deposits and Investments:

At year end, the carrying amount of the District's total cash equivalents was \$15,391,983. These amounts were covered by Federal Depository Insurance or by securities pledged by the financial institution. (General Fund \$9,396,539, Building Fund \$51,789, Construction Fund \$2,952,014, Proprietary Funds \$2,505,426 and Other Nonmajor Funds of \$486,215).

In accordance with GASB No. 72, Fair Value Measurement and Application, the District provides this additional disclosure regarding the fair value of its investments. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Level 1

Quoted prices (unadjusted) in an active market for identical assets or liabilities that the District has the ability to access at the measurement date.

Level 2

Inputs other than quoted market prices included in Level 1 that are directly or indirectly observable for the asset or liability.

Level 3

Unobservable inputs for the asset or liability used to measure fair value that rely on the District's own assumptions about the market participant's assumptions that may be used in pricing the asset or liability.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

4. Cash Deposits and Investments, Concluded:

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Credit Risk – Credit Risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. More specifically, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by the District are insured or collateralized with securities held by the District or by the financial institution in the District's name. As a means of managing the District's exposure to fair value losses arising from increasing interest rates, the District primarily purchases investments with a maturity of less than three months. No investments in Money Market Accounts or Certificates of Deposit were in excess of federally insured limits.

Concentration of Credit Risk

The District's investment policy places no limit on the amount the District may invest in any one issuer.

5. Capital Assets:

Construction in Progress:

At June 30, 2025, the District had a balance of \$161,696 in Construction in Progress. This balance is associated with the Athletic Fields Construction Project and an Early Learning Bus.

The completed Athletic Fields Construction Project is expected to have a total cost of approximately \$15,000,000. The project was less than one percent complete as June 30, 2025 and is expected to be completed in fiscal year 2026-2027.

The Early Learning Bus was paid for in full as of June 30, 2025 with a total cost of \$84,500. The Early Learning Bus has been completed and delivered since June 30, 2025.

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

5. Capital Assets, Concluded:

Capital assets activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 1,007,132	\$ -	\$ -	\$ 1,007,132
Construction in Progress	176,930	624,049	(639,283)	161,696
Total Capital Assets, not being Depreciated	<u>1,184,062</u>	<u>624,049</u>	<u>(639,283)</u>	<u>1,168,828</u>
Capital Assets, being Depreciated:				
Land improvements	4,437,716	-	-	4,437,716
Buildings and improvements	73,390,177	-	-	73,390,177
Technology equipment	2,418,282	66,404	-	2,484,686
Vehicles	4,801,742	420,536	-	5,222,278
General	2,470,401	201,231	-	2,671,632
Infrastructure	3,358,948	611,283	-	3,970,231
Total Capital Assets, being Depreciated	<u>90,877,266</u>	<u>1,299,454</u>	<u>-</u>	<u>92,176,720</u>
Less Accumulated Depreciation:				
Land improvements	(3,387,823)	(164,418)	-	(3,552,241)
Buildings and improvements	(32,790,901)	(1,927,677)	-	(34,718,578)
Technology equipment	(1,370,821)	(283,325)	-	(1,654,146)
Vehicles	(3,195,264)	(275,708)	-	(3,470,972)
General	(1,399,508)	(174,414)	-	(1,573,922)
Infrastructure	(15,953)	(197,657)	-	(213,610)
Total Accumulated Depreciation	<u>(42,160,270)</u>	<u>(3,023,199)</u>	<u>-</u>	<u>(45,183,469)</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 49,901,058</u>	<u>\$ (1,099,696)</u>	<u>\$ (639,283)</u>	<u>\$ 48,162,079</u>
Proprietary Activities				
Capital Assets, being Depreciated:				
Land improvements	\$ 9,690	\$ -	\$ -	\$ 9,690
Buildings and improvements	287,750	-	-	287,750
Technology equipment	21,023	-	-	21,023
Vehicles	17,122	41,035	-	58,157
General	1,095,364	56,911	-	1,152,275
Total Capital Assets being Depreciated	<u>1,430,949</u>	<u>97,946</u>	<u>-</u>	<u>1,528,895</u>
Less Accumulated Depreciation:				
Land improvements	(7,510)	(484)	-	(7,994)
Buildings and improvements	(90,162)	(5,755)	-	(95,917)
Technology equipment	(21,023)	-	-	(21,023)
Vehicles	(17,122)	(6,155)	-	(23,277)
General	(820,456)	(36,222)	-	(856,678)
Total Accumulated Depreciation	<u>(956,273)</u>	<u>(48,616)</u>	<u>-</u>	<u>(1,004,889)</u>
Proprietary Activities				
Capital Assets - Net	<u>\$ 474,676</u>	<u>\$ 49,330</u>	<u>\$ -</u>	<u>\$ 524,006</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

6. Bonded Debt:

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

Issue	Original Amount	Maturity Date	Interest Rates
Issue of Series 2010	\$ 16,115,000	September 1, 2027	4.75%
Issue of Series 2013	9,505,000	October 1, 2033	2.00% - 4.00%
Issue of Series 2015 Refinancing	3,820,000	December 1, 2025	2.00% - 2.25%
Issue of Series 2016	8,530,000	November 1, 2036	2.00% - 3.25%
Issue of Series 2016 Refinancing	810,000	December 1, 2025	2.05%

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

The District has entered into "participation agreements" with the School Facility Construction Commission (SFCC). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The District also entered into "participation agreements" with the Internal Revenue Service (IRS). Section 54A of the Internal Revenue Code provides rules for the issuance and use of qualified tax credit bonds for qualified school construction bonds, QSCB. The table below sets forth the amount to be paid by the District as well as the Commission and IRS for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission and IRS, at June 30, 2025, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2025-26	\$ 1,806,159	\$ 395,629	\$ 1,009,438	\$ 1,192,350
2026-27	1,706,159	373,426	1,000,046	1,079,539
2027-28	1,686,159	326,100	562,647	1,449,612
2028-29	1,175,000	273,724	203,645	1,245,079
2029-30	1,215,000	239,076	203,644	1,250,432
2030-31	1,265,000	201,642	203,645	1,262,997
2031-32	1,305,000	162,819	203,644	1,264,175
2032-33	1,355,000	122,648	203,646	1,274,002
2033-34	1,375,000	81,053	177,570	1,278,483
2034-35	665,000	50,378	57,706	657,672
2035-36	690,000	30,906	57,706	663,200
2036-37	695,000	10,494	50,017	655,477
	<u>\$ 14,938,477</u>	<u>\$ 2,267,895</u>	<u>\$ 3,933,354</u>	<u>\$ 13,273,018</u>

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

6. Bonded Debt, Concluded:

Long-term debt activities for the year ended June 30, 2025 are as follows:

	Balance June 30, 2024	Additions	Debt Payments and Reductions	Balance June 30, 2025	Amount Due Within One Year
Series 2010	\$ 2,964,636	\$ -	\$ 741,159	\$ 2,223,477	\$ 741,159
Series 2013	6,060,000	-	510,000	5,550,000	525,000
Series 2015 Refinancing	810,000	-	400,000	410,000	410,000
Series 2016	7,105,000	-	505,000	6,600,000	50,000
Series 2016 Refinancing	240,000	-	85,000	155,000	80,000
Total Bonds	17,179,636	-	2,241,159	14,938,477	1,806,159
Bond premiums/(discounts)	(92,137)	-	14,788	(77,349)	14,788
Total bonds, net with premium	<u>\$ 17,087,499</u>	<u>\$ -</u>	<u>\$ 2,255,947</u>	<u>\$ 14,861,128</u>	<u>\$ 1,820,947</u>

7. Accumulated Unpaid Sick Leave Benefits:

Accrued sick leave is payable upon retirement at 30% of the value of the accumulated sick leave. In accordance with GAAP, the District has recorded approximately \$896,000 in accrued sick leave liability in the District-Wide Statement of Net Position. Of the \$896,000, approximately \$380,000 is associated with employees that have met the retirement eligibility and is reflected in the District Wide Statement of Net Position as the current portion.

8. Retirement Plans:

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

General information about the County Employees Retirement System Non-Hazardous ("CERS")

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

8. Retirement Plans, Continued:

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher or the normal death benefit and \$10,000 plus 75% of the decedent's average rate of pay and any dependent child will receive 50% of the decedent's average rate of pay up to 75% for three dependent children. Five years' service is required for nonservice related disability benefits.

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

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2023.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

8. Retirement Plans, Continued:

General information about the Teachers' Retirement System of the State of Kentucky ("KTRS")

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

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2.0% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the plan for fiscal year ending June 30, 2025 and 2024. This applies to employees hired prior to July 1, 2008 and those hired afterwards. The District's contractually required contribution rate for the year ended June 30, 2025 and 2024 for KTRS was 16.105% for employees hired prior to July 1, 2008 and those hired afterwards.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

8. Retirement plan, Continued:

The CERS non-hazardous pension contribution rate for the employer was 19.71% and 23.34% of annual compensation for years ended June 30, 2025, and 2024, respectively. Employees hired before July 1, 2008 are required to contribute 5% of their salary and employees hired after that date are required to contribute 6%.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school districts and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. 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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 8,178,289
Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>58,162,007</u>
	<u><u>\$ 66,340,296</u></u>

The total pension liability, net pension liability and sensitivity information was based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end using generally accepted actuarial principles.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2024, the District's proportion was 0.136751%.

For the year ended June 30, 2025, the District recognized pension expense (income) of \$(98,265) related to CERS.

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

8. Retirement Plans, Continued:

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the measurement of the liability	\$ 395,844	\$ -
Changes in assumptions	-	369,498
Net difference between projected and actual earnings on pension plan investments	561,665	451,968
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	433,726
District contributions subsequent to the measurement date	875,553	-
	\$ 1,833,062	\$ 1,255,192

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Net Deferred Outflows/Inflows</u>
2026	\$ 21,633
2027	(202,131)
2028	(117,185)
2029	-
2030	-
Thereafter	-
Total	\$ (297,683)

Actuarial assumptions—The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.50%	2.50%
Projected Salary Increases	3.3-10.30%	3-7.5%
Investment rate of return, net of investment expense and inflation	6.50%	7.10%

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

8. Retirement Plans, Continued:

Mortality assumptions: Pre-retirement mortality uses PUB-2010 General Mortality table, for the nonhazardous systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality (non-disabled) uses system specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2023. Post-retirement mortality (disabled) uses PUB-2010 disable 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. These mortality assumptions were adopted in 2023.

For KTRS, 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 Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%.

Long term rate of return: For CERS, the long-term (10-year) expected return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighing the expected future real rates of return by the target asset allocation percentage.

For KTRS, 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.

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

8. Retirement Plans, Continued:

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

Asset Class	CERS		KTRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	4.15%	59.00%	5.53%
Private Equity	10.00%	9.10%	7.00%	8.00%
Core Fixed Income	10.00%	2.85%	15.00%	1.90%
Specialty Credit	10.00%	3.82%	0.00%	0.00%
Cash	0.00%	1.70%	2.00%	1.60%
Real Estate	7.00%	4.90%	7.00%	3.20%
Real Return	13.00%	5.35%	0.00%	0.00%
High Yield Bonds	0.00%	0.00%	2.00%	3.80%
Other Additional Categories	<u>0.00%</u>	0.00%	<u>8.00%</u>	3.60%
Total	<u>100.00%</u>		<u>100.00%</u>	

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the single discount rate must include an assumption regarding the actual employer contributions made each future year. Except where noted, the future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

For KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at actuarially determined contribution rates for all future fiscal years. 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 Analysis for CERS—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current Discount		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 10,543,151	\$ 8,178,289	\$ 6,216,077

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

8. Retirement Plans, Concluded:

A one percent decrease and a one percent increase for the KTRS proportionate share of the net pension liability is not shown because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District.

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and KTRS. The effect of the net pension liability on the District's net position has been determined on the same basis used by Kentucky Retirement Systems

Total payroll subject to CERS and KTRS were \$4,481,235 and \$16,425,565 respectively. Pension and OPEB contributions paid by the District for CERS employees total \$875,553. Pension and OPEB contributions withheld from the employees totaled \$249,898.

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. For the year ended June 30, 2025, employees contributed approximately \$207,904 to the plans.

9. Other Post-Employment Benefits (OPEB)

General information about the County Employees Retirement System (CERS) OPEB plans:

Plan Description: The County Employee Retirement System (CERS) covers classified employees whose position does not require a college degree or teaching certification. CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. CERS is a cost-sharing multiple employer defined benefit plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Retirements Systems administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirements System issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at www.kyret.ky.gov.

General information about the Kentucky Teachers Retirement System (KTRS) OPEB plans:

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

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the KTRS Medical Insurance and Life Insurance Plans.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

9. Other Post-Employment Benefits (OPEB), Continued:

Medical Insurance Plan - CERS

Plan Description—The Kentucky Retirement Systems' Insurance Fund is a cost sharing multiple-employer defined benefit Other Post-Employment Benefit plan for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state departments, board, agency, county, school board, and any additional eligible local agencies electing to participate.

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan

Benefits Provided—The plan was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS. OPEB may be extended to beneficiaries of plan members under certain circumstances. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan.

Assumptions and plan provisions: The Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year.

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

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2023.

Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. See the chart below for current values for Dollar Contribution. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statutes 16.652, 61.692 and 78.52. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

9. Other Post-Employment Benefits (OPEB), Continued:

Medical Insurance Plan – CERS, Concluded

The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Dollar Contribution for Fiscal Year 2024</u>		<u>Portion Paid by Insurance Fund</u>	
For Member participation date on or after July 1, 2003			
<u>System</u>	(in whole dollars)	<u>Years of service</u>	<u>% Paid by Insurance Fund</u>
KERS Non-hazardous	\$ 14.41	20+ years	100.00%
KERS Hazardous	\$ 21.62	15-19 years	75.00%
CERS Non-hazardous	\$ 14.41	10-14 years	50.00%
CERS Hazardous	\$ 21.62	4-9 years	25.00%
SPRS	\$ 21.62	Less than 4 years	0.00%

The projection of cash flows used to determine the single discount rate must include an assumption regarding the actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The fully insured premiums KRS pays for the CERS health insurance plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing it to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The distributions from the retiree health insurance trust pay the employers' portion of the blended premiums, not the employers' portion of the underlying retiree claims costs. As a result, the benefit payments and contribution amounts need to include an adjustment related to the implicit subsidy. Participating employers adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB 75 purposes.

Medical Insurance Plan - KTRS

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

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

9. Other Post-Employment Benefits (OPEB), Continued:

Medical Insurance Plan – KTRS, Concluded

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

Contributions—The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is .75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010 in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years credited service, accumulated member contributions to the retirement annuity plan plus interest are refunded upon the member's request.

Life Insurance Plan - KTRS

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

Benefits provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members who began contributing before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is five thousand dollars for active contributing members and ten thousand dollars for retired or disable 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.

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

At June 30, 2025, the District reported an asset of \$236,786 for CERS, liability of \$4,017,000 for KTRS Medical Insurance Plan and liability of \$0 for KTRS Life Insurance Plan for its proportionate share of the net OPEB liability. The District did not report a liability for its proportionate share of the collective net OPEB liability for the Life Insurance Plan because the Commonwealth provides OPEB support directly to KTRS on behalf of the District. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial value as of June 30, 2023. At June 30, 2024, the District's proportionate share was .136886% for CERS, .180224% for KTRS Medical Insurance plan and 0% for KTRS Life Insurance Plan.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

9. Other Post-Employment Benefits (OPEB), Continued:

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

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

District's proportionate share of the CERS net OPEB medical liability	\$ (236,786)
District's proportionate share of the KTRS net OPEB medical liability	4,017,000
Commonwealth's proportionate share of KTRS net OPEB liability associated with the District - Medical and Life	<u>3,664,000</u>
	<u><u>\$ 7,444,214</u></u>

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense (income) of (\$926,975) for CERS. For KTRS Medical Insurance Plan the District recognized OPEB expense (income) of (\$600,426). At June 30, 2025 the District reported deferred inflows and deferred outflows of resources related to the net OPEB liability from the following sources:

	CERS		KTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the measurement of the OPEB liability	\$ 131,366	\$ 1,000,247	\$ -	\$ 637,770
Net difference between projected and actual investment earnings on OPEB investments	214,556	167,077	540,994	-
Changes in assumptions and other inputs	208,141	424,221	-	68,219
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	238,650	715,508	1,103,670
District contributions subsequent to the measurement date of the OPEB liability	<u>64,186</u>	<u>-</u>	<u>392,676</u>	<u>-</u>
	<u><u>\$ 618,249</u></u>	<u><u>\$ 1,830,195</u></u>	<u><u>\$ 1,649,178</u></u>	<u><u>\$ 1,809,659</u></u>

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

9. Other Post-Employment Benefits (OPEB), Continued:

The deferred outflows resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

	Net Deferred Outflows/(Inflows)	
	CERS	KTRS
2026	\$ (670,549)	\$ (174,514)
2027	(567,001)	(30,143)
2028	(38,582)	(47,595)
2029	-	(157,063)
2030	-	(134,852)
Thereafter	-	(8,990)
Total	<u>\$ (1,276,132)</u>	<u>\$ (553,157)</u>

Actuarial Assumptions: The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2024 using generally accepted actuarial principles.

	CERS
Inflation	2.50%
Payroll Growth Rate	2.0% for CERS non-hazardous and hazardous
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%
Healthcare Trend Pre-65	Initial trend starting at 6.8% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Post-65	Initial trend starting at 8.5% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

9. Other Post-Employment Benefits (OPEB), Continued:

KTRS	
Investment Rate of Return:	
Medical Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases:	
Medical Insurance Plan	3.0-7.5%, including wage inflation
Life Insurance Plan	3.0-7.5% including wage inflation
Inflation	
Medical Insurance Plan	2.50%
Life Insurance Plan	2.50%
Real wage growth	0.25%, for both Medical and Life Insurance Plans.
Wage inflation	
Medical Insurance Plan	2.75%, for both Medical and Life Insurance Plans.
Healthcare cost trend rates:	
Medical Trend	Initial trend starting at 6.5% for fiscal year 2024, decreasing to an ultimate trend rate of 4.5% by fiscal year 2031
Medicare Part B Premiums	5.92% for fiscal year 2024 with ultimate rate of 4.5% by 2035
Municipal Bond Index Rate	3.94%, for both Medical and Life Insurance Plans.
Discount Rate	
Medical Insurance Plan	7.10%
Life Insurance Plan	7.10%
Single equivalent interest rate:	
Medical Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation

For CERS, mortality rates were based on system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate trend rates from MP 2020 mortality improvement scale using a base year of 2023.

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

9. Other Post-Employment Benefits (OPEB), Continued:

For KTRS, Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2023, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2023, valuation. The health care cost trend rate assumption was updated for the June 30, 2023, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll-forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

Long-term expected rate of return: For CERS was determined by using a building-block method in which the 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.

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

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

	CERS		KTRS	
		Long-term Expected		Long-term Expected
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Public Equity	50.00%	4.15%	60.00%	5.60%
Private Equity	10.00%	9.10%	5.00%	8.00%
Core Fixed Income	10.00%	2.85%	21.00%	1.90%
Specialty Credit/High Yield	10.00%	3.82%	0.00%	0.00%
Cash	0.00%	1.70%	2.00%	1.60%
Real Estate	7.00%	4.90%	7.00%	3.20%
Real Return	13.00%	5.35%	0.00%	0.00%
Other Additional Categories	<u>0.00%</u>	0.00%	<u>5.00%</u>	4.00%
	<u>100.00%</u>		<u>100.00%</u>	

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

9. Other Post-Employment Benefits (OPEB), Continued:

Discount Rate: For CERS, the single discount rate of 5.99% was used to measure the total OPEB liability as of June 30, 2024. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2024. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB liability to changes in the discount rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
District's proportionate share of net OPEB liability	\$ 320,161	\$ (236,786)	\$ (705,067)

Discount Rate: For KTRS - Medical Insurance Plan, the single discount rate of 7.1% was used to measure the total OPEB liability as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB liability to changes in the discount rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 5,337,000	\$ 4,017,000	\$ 2,923,000

Healthcare Trend Rate: For CERS, the initial trend rate for participants under 65 years of age starts at 6.8% at January 1, 2023 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. For those over 65 years of age the trend rate starts at 8.5% at January 1, 2023 and gradually decreases to an ultimate trend rate of 4.05% over a period of 11 years. The following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
District's proportionate share of net OPEB liability	\$ (569,678)	\$ (236,786)	\$ 151,010

**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

9. Other Post-Employment Benefits (OPEB), Concluded:

Healthcare Trend Rate: For KTRS, the following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 2,714,000	\$ 4,017,000	\$ 5,637,000

OPEB Plan Fiduciary Net Position: For both CERS and KTRS, detailed information about the Plan's fiduciary net position is available in the separately issued KRS and KTRS issued financial statements.

10. COBRA:

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

11. Litigation:

The District is subject to various legal actions in various stages of litigation, the outcome of which is not determined at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

12. Contingencies:

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For governmental agency grants, if based upon the grantor's 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 grantor's intent to continue their programs.

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

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

13. Transfer of Funds:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Payments made from the general fund checking account, which may or may not have the legal liability for the expenditure, may cause a receivable in the general fund and a payable from the fund having the legal liability to pay the expenditure at such time. All interfund receivables and payables have been eliminated on the District-wide Statement of Net Position. The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Building	General	Facilities	742,679
Capital Outlay	General	Facilities	279,260
Special Revenue	General	Indirect Costs	335,789
General	Special Revenue	KETS Match	56,693
Building	Construction	Facilities	2,933,193
Building	Debt Service	Debt	2,432,463
Total Governmental Funds Transfers			<u>\$ 6,780,077</u>
Food Service	General	Indirect Cost Allocation	<u>\$ 161,331</u>
Total Proprietary to Governmental Funds Transfers			<u>\$ 161,331</u>

At June 30, 2025, interfund balances were as follows:

At June 30, 2025 interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 57,575
General Fund	Debt Service	\$ 721,831

14. Deficit Current Year Net Change in Operating Balances:

The deficit of expenses over revenues in the Building Fund of \$1,627,636 was the result of transfers to other funds for ongoing and upcoming construction and debt service requirements.

Building Fund	1,627,636
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**ALLEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

15. On-Behalf Payments:

During the year ended June 30, 2025, the Kentucky Division of Finance made payments on-behalf of Allen County School District in the amount of \$8,687,489. These payments were paid for fringe benefits and retirement for the District personnel. These payments have been included in both revenue and expenditures on the District's financial statements for the year ended June 30, 2025 as follows:

Health Insurance	\$ 4,486,068
KTRS Employer Match - Pension	3,780,345
KTRS Employer Match - Health	343,380
Health Reimbursement Account	207,725
State Administration Fees	43,404
Life Insurance	5,431
Federal Reimbursement on Health Benefits	(537,898)
Technology	66,216
School Facilities Construction Commission Debt Service	292,818
	<u>\$ 8,687,489</u>

Recorded as follows:

General Fund	\$ 8,176,904
Food Service Fund	217,767
Debt Service	292,818
	<u>\$ 8,687,489</u>

16. Subsequent Events:

Management has evaluated subsequent events through January 6, 2026, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
From local sources:				
Taxes:				
Property	\$ 4,730,000	\$ 4,995,305	\$ 4,896,897	\$ (98,408)
Motor vehicles	700,000	660,692	778,106	117,414
Other	98,000	99,000	118,698	19,698
Earnings on investments	100,000	100,000	580,985	480,985
Other local revenues	75,401	274,268	108,472	(165,796)
Intergovernmental-state	22,152,638	23,770,289	22,923,793	(846,496)
Intergovernmental-direct federal	160,000	160,000	460,404	300,404
Total revenues	<u>28,016,039</u>	<u>30,059,554</u>	<u>29,867,355</u>	<u>(192,199)</u>
Expenditures:				
Instruction	17,120,032	17,783,875	17,538,062	245,813
Support services:				
Student	1,271,681	1,631,008	1,314,531	316,477
Instructional staff	1,608,483	2,198,045	1,436,778	761,267
District administration	1,052,810	1,274,074	893,899	380,175
School administration	1,824,423	1,987,699	1,927,719	59,980
Business	717,722	752,741	736,509	16,232
Plant operations and maintenance	2,586,274	3,028,485	2,749,555	278,930
Student transportation	2,617,823	2,830,289	2,179,066	651,223
Facilities acquisition and construction and other	1,619,959	2,214,143	462,353	1,751,790
Community service	8,847	11,765	11,366	399
Contingency	4,059,559	5,819,499	-	5,819,499
Total expenditures	<u>34,487,613</u>	<u>39,531,623</u>	<u>29,249,838</u>	<u>10,281,785</u>
Excess (deficit) of revenues over expenditures	<u>(6,471,574)</u>	<u>(9,472,069)</u>	<u>617,517</u>	<u>10,089,586</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets	-	-	14,172	14,172
Transfer from Proprietary Fund	-	-	161,331	161,331
Operating transfers in	599,936	2,032,192	1,357,728	(674,464)
Operating transfers out	(59,451)	(59,451)	(56,693)	2,758
Total other financing sources (uses)	<u>540,485</u>	<u>1,972,741</u>	<u>1,476,538</u>	<u>(496,203)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(5,931,089)</u>	<u>(7,499,328)</u>	<u>2,094,055</u>	<u>9,593,383</u>
Fund balance, July 1, 2024	<u>5,931,089</u>	<u>7,499,328</u>	<u>7,365,132</u>	<u>(134,196)</u>
Fund balance, June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,459,187</u>	<u>\$ 9,459,187</u>

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ 13,037	\$ 13,037
Other local revenues	179,543	247,771	159,675	(88,096)
Intergovernmental-state	1,899,165	2,125,213	1,931,671	(193,542)
Intergovernmental-federal	11,609,928	12,058,724	7,674,891	(4,383,833)
Total revenues	<u>13,688,636</u>	<u>14,431,708</u>	<u>9,779,274</u>	<u>(4,652,434)</u>
Expenditures:				
Instruction	9,922,435	10,170,428	7,350,046	2,820,382
Student	330,384	413,597	202,397	211,200
Instructional staff	(7,386)	182,500	67,346	115,154
District administration	11,270	16,161	1,909	14,252
School administration	3,872	2,962	1,090	1,872
Business	81,730	102,428	58,216	44,212
Plant operations and maintenance	276,508	368,809	229,984	138,825
Student transportation	(10,137)	(10,137)	-	(10,137)
Other	1,879,226	1,920,642	1,094,193	826,449
Community service activities	628,516	706,401	494,997	211,404
Total expenditures	<u>13,116,418</u>	<u>13,873,791</u>	<u>9,500,178</u>	<u>4,373,613</u>
Excess (deficit) of revenues over expenditures	<u>572,218</u>	<u>557,917</u>	<u>279,096</u>	<u>(278,821)</u>
Other financing sources (uses):				
Operating transfers in	49,298	48,500	56,693	8,193
Operating transfers out	<u>(572,237)</u>	<u>(557,139)</u>	<u>(335,789)</u>	<u>221,350</u>
Total other financing sources (uses)	<u>(522,939)</u>	<u>(508,639)</u>	<u>(279,096)</u>	<u>229,543</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	49,279	49,278	-	(49,278)
Fund balance, July 1, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2025	<u>\$ 49,279</u>	<u>\$ 49,278</u>	<u>\$ -</u>	<u>\$ (49,278)</u>

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY – COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's portion of the net pension liability	0.13675%	0.14408%	0.14837%	0.15610%	0.15870%	0.15710%	0.15690%	0.15630%	0.16100%	0.16100%
District's proportionate share of net pension liability	\$ 8,178,289	\$ 9,244,584	\$ 10,725,904	\$ 9,954,448	\$ 12,175,994	\$ 11,046,803	\$ 9,554,836	\$ 9,149,949	\$ 7,929,204	\$ 6,906,892
District's covered-employee payroll	\$ 4,481,235	\$ 4,294,744	\$ 4,213,301	\$ 4,125,437	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740	\$ 3,403,168	\$ 3,861,699
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.50%	215.25%	254.57%	241.29%	302.64%	271.83%	239.74%	249.54%	232.99%	178.86%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY – KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's portion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of net pension liability	-	-	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability associated with the District	0.354%	0.362%	0.388%	0.386%	0.370%	0.386%	0.384%	0.388%	0.383%	0.375%
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 58,162,007	\$ 61,750,705	\$ 65,689,322	\$ 50,279,956	\$ 52,439,157	\$ 52,698,765	\$ 50,284,540	\$ 104,612,639	\$ 113,044,119	\$ 87,202,663
Total	\$ 58,162,007	\$ 61,750,705	\$ 65,689,322	\$ 50,279,956	\$ 52,439,157	\$ 52,698,765	\$ 50,284,540	\$ 104,612,639	\$ 113,044,119	\$ 87,202,663
District's covered-employee payroll	\$ 16,425,565	\$ 15,250,998	\$ 14,092,831	\$ 12,053,393	\$ 13,068,850	\$ 12,758,727	\$ 12,890,640	\$ 12,700,989	\$ 12,701,338	\$ 12,397,559
Commonwealth's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	354.09%	404.90%	466.12%	417.14%	401.25%	413.04%	390.09%	823.66%	890.02%	703.39%
Plan fiduciary net position as a percentage of the total pension liability	60.40%	57.70%	56.40%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS –
COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 875,553	\$ 998,226	\$ 985,986	\$ 873,355	\$ 776,478	\$ 784,314	\$ 646,457	\$ 530,944	\$ 474,742	\$ 479,623
Contributions in relation to the contractually required contribution	(875,553)	(998,226)	(985,986)	(873,355)	(776,478)	(784,314)	(646,457)	(530,944)	(474,742)	(479,623)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,481,235	\$ 4,294,744	\$ 4,213,301	\$ 4,125,437	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740	\$ 3,403,168	\$ 3,861,699
Contributions as a percentage of covered-employee payroll	19.54%	23.24%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS –
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	16,425,565	15,250,998	14,092,831	12,053,393	13,068,850	12,758,727	12,890,640	12,700,989	12,701,338	12,397,559
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability	0.13689%	0.14407%	0.14835%	0.15610%	0.15870%	0.15700%	0.15690%	0.15630%
District's proportionate share of net OPEB liability	\$ (236,786)	\$ (198,913)	\$ 2,927,648	\$ 2,988,322	\$ 3,832,219	\$ 2,641,157	\$ 2,785,373	\$ 2,110,227
District's covered-employee payroll	\$ 4,481,235	\$ 4,294,744	\$ 4,213,301	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740	\$ 3,403,168
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-5.28%	-4.63%	69.49%	74.28%	94.30%	66.27%	75.96%	62.01%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

** Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability								
Medical Insurance	0.18022%	0.19027%	0.27916%	0.20547%	0.19765%	0.20560%	0.19771%	0.20441%
Life Insurance	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of net OPEB liability								
Medical Insurance	\$ 4,017,000	\$ 4,634,000	\$ 6,930,000	\$ 4,409,000	\$ 4,988,000	\$ 6,017,000	\$ 6,860,000	\$ 7,217,000
Life Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's portion of the net OPEB liability associated with the District								
Medical Insurance	0.16056%	0.16037%	0.09171%	0.16686%	0.15833%	0.16603%	0.17039%	0.16697%
Life Insurance	0.33313%	0.34251%	0.36413%	0.36400%	0.34810%	0.36330%	0.35972%	0.36293%
Commonwealth's proportionate share of the net OPEB liability associated with the District								
Medical Insurance	\$ 3,579,000	\$ 3,906,000	\$ 2,277,000	\$ 3,580,000	\$ 3,996,000	\$ 4,859,000	\$ 5,912,000	\$ 5,895,000
Life Insurance	\$ 85,000	\$ 97,000	\$ 113,000	\$ 48,000	\$ 121,000	\$ 113,000	\$ 101,000	\$ 55,000
District's covered-employee payroll	\$ 16,425,565	\$ 15,250,998	\$ 14,092,831	\$ 13,068,850	\$ 12,758,727	\$ 12,890,640	\$ 12,700,989	\$ 12,701,338
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	24.46%	30.38%	49.17%	33.74%	39.09%	46.68%	54.01%	56.82%
Commonwealth's proportionate share of the net OPEB liability as a percentage of the District's covered-employee payroll	22.31%	26.25%	16.96%	27.76%	32.27%	38.57%	47.34%	46.85%
Plan fiduciary net position as a percentage of the total OPEB liability	59.80%	53.00%	47.80%	51.70%	39.10%	32.58%	25.54%	21.18%

** Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS –
COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ -	\$ -	\$ 142,842	\$ 238,450	\$ 191,699	\$ 193,634	\$ 209,778	\$ 172,500
Contributions in relation to the contractually required contribution	-	-	(142,842)	(238,450)	(191,699)	(193,634)	(209,778)	(172,500)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,481,235	\$ 4,294,744	\$ 4,213,301	\$ 4,125,437	\$ 4,023,202	\$ 4,063,805	\$ 3,985,557	\$ 3,666,740
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS –
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution								
Medical Insurance	\$ -	\$ -	\$ 359,541	\$ 348,568	\$ 342,654	\$ 330,948	\$ 343,873	\$ 350,207
Life Insurance	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contribution								
Medical Insurance	-	-	(359,541)	(348,568)	(342,654)	(330,948)	(343,873)	(350,207)
Life Insurance	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 16,425,565	\$ 15,250,998	\$ 14,092,831	\$ 12,053,393	\$ 13,068,850	\$ 12,758,727	\$ 12,890,640	\$ 12,700,989
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	2.55%	2.89%	2.62%	2.59%	2.67%	2.76%

***Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

**ALLEN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025**

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
Assets and resources:				
Cash and cash equivalents	\$ 10,491	\$ 475,724	\$ -	\$ 486,215
Total Assets and Resources	<u>\$ 10,491</u>	<u>\$ 475,724</u>	<u>\$ -</u>	<u>\$ 486,215</u>
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted - Other	-	475,724	-	475,724
Assigned	10,491	-	-	10,491
Total fund balances	<u>10,491</u>	<u>475,724</u>	<u>-</u>	<u>486,215</u>
Total Liabilities and Fund Balances	<u>\$ 10,491</u>	<u>\$ 475,724</u>	<u>\$ -</u>	<u>\$ 486,215</u>

ALLEN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Other	\$ 6,064	\$ 532,827	\$ -	\$ 538,891
Intergovernmental-state	-	-	279,260	279,260
Total revenues	6,064	532,827	279,260	818,151
Expenditures:				
Instruction	-	497,619	-	497,619
Total expenditures	-	497,619	-	497,619
Excess (deficit) of revenues over expenditures	6,064	35,208	279,260	320,532
Other financing sources (uses):				
Operating transfers out	-	-	(279,260)	(279,260)
Total other financing sources (uses)	-	-	(279,260)	(279,260)
Net Changes in Fund Balances	6,064	35,208	-	41,272
Fund balance, July 1, 2024	4,427	440,516	-	444,943
Fund balance, June 30, 2025	\$ 10,491	\$ 475,724	\$ -	\$ 486,215

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ALLEN COUNTY
HIGH SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2025

	Cash Balance June 30, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2025
GENERAL FUND	\$ 68,830	\$ 15,655	\$ 1,937	\$ 82,548	\$ -	\$ -	\$ 82,548
BOYS BASKETBALL	-	17,297	15,605	1,692	-	-	1,692
GIRLS BASKETBALL	2,335	17,780	16,826	3,289	-	-	3,289
FOOTBALL	1,704	38,265	37,882	2,087	-	-	2,087
BASEBALL	-	3,020	3,020	-	-	-	-
ANNUAL	8,985	17,544	454	26,075	-	-	26,075
ACADEMIC TEAM	-	7,211	4,872	2,339	-	-	2,339
BETA	3,507	16,133	18,166	1,474	-	-	1,474
BLACK HERITAGE	743	-	-	743	-	-	743
CHEERLEADERS	89	663	695	57	-	-	57
CHORUS	7	115	114	8	-	-	8
ENGLISH	216	-	-	216	-	-	216
FACULTY CONCESSION	687	2,333	2,853	167	-	-	167
FFA	2,237	22,866	21,005	4,098	-	-	4,098
FCCLA	161	15,244	15,405	-	-	-	-
FAMILY & CONSUMER SCIENCE	728	1,796	2,524	-	-	-	-
LIBRARY	1,450	182	-	1,632	-	-	1,632
PEP CLUB	2,086	1,530	1,315	2,301	-	-	2,301
PROM	14,083	8,370	6,379	16,074	-	-	16,074
SCIENCE	1,113	375	905	583	-	-	583
SENIORS	-	7,150	7,150	-	-	-	-
SPANISH CLUB	151	200	157	194	-	-	194
SPANISH	37	-	-	37	-	-	37
TRACK	66	-	-	66	-	-	66
DRIVERS EDUCATION	148	-	148	-	-	-	-
CROSS COUNTRY	30	2,338	1,655	713	-	-	713
FCA	1,052	1,476	1,507	1,021	-	-	1,021
SOFTBALL	488	4,307	4,418	377	-	-	377
TENNIS	2,320	1,200	3,364	156	-	-	156
LITERARY CLUB	1,602	430	-	2,032	-	-	2,032
REGIONAL TOURNAMENT	-	24,490	20,400	4,090	-	-	4,090
STUDENT CONCESSIONS	5,217	1,092	3,382	2,927	-	-	2,927
ART CLUB	361	508	59	810	-	-	810
PATRIOT PRIDE	1,626	-	-	1,626	-	-	1,626
GIRLS VOLLEYBALL	-	10,191	5,690	4,501	-	-	4,501
ATHLETIC DIRECTOR	1,837	-	44	1,793	-	-	1,793
GUIDANCE	1,330	4,066	4,068	1,328	-	-	1,328
HISTORY CLUB	935	-	-	935	-	-	935
ASSOCIATE ATHLETICS	484	3,585	3,786	283	-	-	283
DRAMA	7,512	-	-	7,512	-	-	7,512
SCIENCE OLYMPIAD	17	100	88	29	-	-	29
FACULTY FLOWER FUND	314	-	212	102	-	-	102
SWIM	1	6,322	5,058	1,265	-	-	1,265
ROTC	6,492	13,621	5,945	14,168	-	-	14,168
FISHING TEAM	18	-	-	18	-	-	18
GREENHOUSE/FLORAL	14,791	12,162	12,421	14,532	-	-	14,532
AG. SHOP	7,871	2,532	800	9,603	-	-	9,603
MUSICAL/PERFORMING ARTS	19,391	4,389	9,302	14,478	-	-	14,478
SOCCER	200	-	200	-	-	-	-
ART DEPARTMENT	280	58	333	5	-	-	5
BOYS GOLF	-	1,128	978	150	-	-	150
GIRLS GOLF	5,112	2,536	4,189	3,459	-	-	3,459
ARCHERY CLUB	127	4,950	3,493	1,584	-	-	1,584
ENVIRONMENTAL CLUB	2,803	1,080	1,629	2,254	-	-	2,254
ACHS CLASS NIGHT	-	3,108	1,903	1,205	-	-	1,205
21ST CCLC	253	-	223	30	-	-	30
AUTO MECHANICS	4,940	8,294	11,056	2,178	-	-	2,178
DECA	3,214	14,327	13,031	4,510	-	-	4,510
FBLA	1,654	5,308	6,657	305	-	-	305
HOSA	1,175	2,240	2,386	1,029	-	-	1,029
INDUSTRIAL MAINTENANCE	1,467	1,417	1,559	1,325	-	-	1,325
PATRIOT PRINTING PRESS	1,035	112	-	1,147	-	-	1,147
SKILLS USA	1,276	9,577	9,953	900	-	-	900
WELDING	2,316	235	-	2,551	-	-	2,551
PATRIOT DESIGNS	209	-	-	209	-	-	209
STUDENT GOVERNMENT ASSOC.	3,324	6,185	8,316	1,193	-	-	1,193
DAF ATHLETICS - SWEEP	-	1,550	1,550	-	-	-	-
DAF LIBRARY - SWEEP	-	2,160	2,160	-	-	-	-
MOCK TRIAL TEAM	553	-	-	553	-	-	553
MSD	621	190	190	621	-	-	621
ENGINEERING DESIGN	696	-	-	696	-	-	696
COMMENTARY CLUB	225	-	-	225	-	-	225
GIRLS SOCCER	-	2,713	2,533	180	-	-	180
BOYS SOCCER	-	2,030	1,780	250	-	-	250
MARKETING	-	2,471	1,800	671	-	-	671
START-UP	-	3,350	3,350	-	-	-	-
CULINARY	-	3,551	3,272	279	-	-	279
EDUCATOR'S RISING	-	1,860	1,655	205	-	-	205
PATRIOT PLACE	-	8,529	3,087	5,442	-	-	5,442
BADMINTON CLUB	-	200	122	78	-	-	78
PATRIOT ACADEMY	-	475	475	-	-	-	-
BOYS VOLLEYBALL	-	6,242	6,242	-	-	-	-
INTERFUND TRANSFERS	-	(11,738)	(11,738)	-	-	-	-
	<u>\$ 214,532</u>	<u>\$ 370,676</u>	<u>\$ 321,995</u>	<u>\$ 263,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,213</u>

(1) Included in receipts and disbursements are Inter-fund transfers in the amount of \$11,738

ALLEN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ALL SCHOOLS ACTIVITY FUNDS
For the Year Ended June 30, 2025

	Cash Balance June 30, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2025
JAMES E BAZZELL MIDDLE SCHOOL	\$ 128,273	\$ 94,289	\$ 108,200	\$ 114,362	\$ -	-	\$ 114,362
ALLEN COUNTY INTERMEDIATE CENTER	37,514	35,890	45,382	28,022	-	-	28,022
ALLEN COUNTY PRIMARY CENTER	60,197	52,982	43,052	70,127	-	-	70,127
ALLEN COUNTY HIGH SCHOOL	214,532	382,414	333,733	263,213	-	-	263,213
Transfers	-	(32,748)	(32,748)	-	-	-	-
TOTAL	\$ 440,516	\$ 532,827	\$ 497,619	\$ 475,724	\$ -	-	\$ 475,724

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to subrecipients	Federal Expenditures
<u>Department of Health and Human Services:</u>				
CCDF Cluster				
Child Care and Development Block Grant	93.575	2023	\$ -	\$ 4,790
Total CCDF Cluster			-	4,790
Total Department of Health and Human Services			\$ -	\$ 4,790
<u>U.S. Department of Agriculture</u>				
Passed-through State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-24	\$ -	\$ 147,292
School Breakfast Program	10.553	7760005-25	-	585,195
National School Lunch Program	10.555	7750002-24	-	349,645
National School Lunch Program	10.555	9980000-25	-	1,322,060
Summer Food Service Program for Children	10.559	7690024-24	-	6,924
Summer Food Service Program for Children	10.559	7740023-24	-	67,233
Fresh Fruit and Vegetable Program	10.582	7720012-24	-	6,765
Fresh Fruit and Vegetable Program	10.582	7720012-25	-	53,167
Total Child Nutrition Cluster			-	2,538,281
Passed-through State Department of Agriculture:				
Commodity Loans and Loan Deficiency Payments	10.051		\$ -	\$ 98,598
Child and Adult Care	10.558	7790021-24	-	17,702
Child and Adult Care	10.558	7790021-25	-	57,187
Child and Adult Care	10.558	7800016-24	-	1,199
Child and Adult Care	10.558	7800016-25	-	3,873
State administrative expense	10.560	7700001-24	-	5,065
Total United States Department of Agriculture			-	183,624
Total United States Department of Agriculture			\$ -	\$ 2,721,905
<u>U.S. Department of Education:</u>				
Passed-through State Department of Education:				
Special Education Cluster (IDEA)-Cluster				
Special Education	84.027	3810002-23	\$ -	\$ 539,115
Special Education	84.027	3810002-24	-	175,405
Special Education Preschool	84.173	3810002-24	-	27,894
Total Special Education Cluster (IDEA)			-	742,414

See accompanying notes to schedule of expenditures of federal awards.

ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-CONCLUDED
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to subrecipients	Federal Expenditures
Title I	84.010	3100002-22	\$ -	\$ 2,619
Title I	84.010	3100002-23	-	237,074
Title I	84.010	3100002-24	-	987,571
Career and Technical Education	84.048	3710002-23	-	4,536
Career and Technical Education	84.048	3710002-24	-	57,128
Perkins Innovation and Modernization Grant Program	84.051F	V051F230120	-	981,908
Project Prevent Program	84.184M	S184M220016	-	800,000
Project Prevent Program	84.184M		-	9,850
Project Prevent Program	84.184M		-	99,998
Innovative Approaches to Literacy	84.215G		-	452,679
Innovative Approaches to Literacy	84.215G		-	102,428
Innovative Approaches to Literacy	84.215G		-	378,169
Innovative Approaches to Literacy	84.215G	S215G2230064	-	634,790
Twenty-First Century	84.287	3400002-22	-	13,834
Twenty-First Century	84.287	3400002-21	-	100,000
Rural Education	84.358	3140002-22	-	61,704
Rural Education	84.358	3140002-23	-	24,019
English Language Acquisition	84.365A	TITLE III ELL	-	5,466
Supporting Effective Instruction	84.367	3230002-23	-	40,626
Supporting Effective Instruction	84.367	3230002-24	-	148,315
State Assessments	84.368	5980001-22	-	409
Comprehensive Literacy Development	84.371C	2024	-	64,938
Disability Innovation Fund	84.421E	5920001-23	-	125,497
Student Support and Academic	84.424	3420002-23	-	57,756
Student Support and Academic	84.424	3420002-24	-	4,632
OELE Project Early Entry Plan	84.425	4300002-21	-	1,262,385
Digital Learning Coach Supports	84.425	4300003-21	-	15,905
Local Laboratories of Learning	84.425	4300005-21	-	42,205
ARP ESSER Funds	84.425	4300006-21	-	44,780
20% Learning Loss	84.425	4300007-21	-	-
Deeper Learning	84.425	4980001-21	-	22,432
OELE Supporting Teacher Engagement and Professional Pipeline	84.425	4980002-21	-	3,230
Total Other Programs			-	6,786,883
Total Department of Education			\$ -	\$ 7,529,297
<u>Department of Justice:</u>				
STOP School Violence	16.839	DOJ SSVP 23		214,450
STOP School Violence	16.839	DOJ SSVP 24	\$ -	\$ 131,262
Total US Department of Justice			\$ -	\$ 345,712
Total Federal Assistance			\$ -	\$ 10,601,704

See accompanying notes to schedule of expenditures of federal awards.

ALLEN COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Allen County School District under programs of the federal government for the year ended June 30, 2025. 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 Allen County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Allen County School District.

2. Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Food Distribution:

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

4. Indirect Cost Rate:

The District has elected not to use the de minimis 10% or 15% indirect cost rate as allowed by Uniform Guidance.

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

- STOP School Violence
- Project Prevent Program
- Innovative Approaches to Literacy #1
- Innovative Approaches to Literacy #2
- Disability Innovation Fund
- Perkins Innovation and Modernization Grant Program

5. Subrecipients:

Of the federal expenditures presented in the schedule, Allen County School District did not provide federal awards to any subrecipients.

6. Pass-Through Federal Awards:

Of the federal expenditures presented in the schedule, Allen County School District received federal awards from the following pass-through entities:

<u>Passthrough Entity</u>	<u>Federal Assistance Listing Number</u>	<u>Program Title</u>	<u>Amount Provided</u>
Barren County Board of Education	84.365A	English Language Acquisition	\$ 5,460

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

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

Internal Control over financial reporting:

- Material weakness(es) identified? _____ Yes _____X_____ No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____X_____ None Reported
- Noncompliance material to financial Statements noted? _____X_____ Yes _____ No

Federal Awards

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

Internal Control over major programs:

- Material weakness(es) identified? _____ Yes _____X_____ No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____X_____ None Reported

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

_____ Yes _____X_____ No

Identification of Major Programs:

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>
U.S. Department of Education	
Passed Through Kentucky Department of Education:	
Career and Technical Education - National Programs	84.051
School Safety National Activities	84.184M
Innovation Approaches to Literacy	84.215G

Dollar threshold used to distinguish Between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____X_____ Yes _____ No

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended June 30, 2025**

II. FINANCIAL STATEMENTS FINDINGS

Current Year Findings

2025-001 Noncompliance with Regulations – Insurance Coverage

Criteria: KRS 160.105 and KAR 702 3:030 detail the Kentucky Department of Education's requirements for the board of education to procure insurance coverage for all buildings and their contents for an amount equal to 100 percent of the replacement cost as shown on the schedule of values certified by the Kentucky Department of Education or as determined through a certified replacement cost appraisal.

Condition: The District did not have adequate insurance coverage to comply with the requirements set forth by the Kentucky Department of Education.

Cause: The District's insurance carrier did not utilize the proper square footages when extending coverage.

Effect: The District was not in compliance with insurance coverage requirements set forth by the Kentucky Department of Education.

Recommendation: We recommend that the District provide their insurance provider all proper square footages to amend the policy to comply with replacement costs shown on the schedule of values certified by KDE and review the coverage annually upon policy renewal.

Response: The District recognizes that there was insufficient coverage during fiscal year 2024-2025. The District has provided the proper square footage to the insurance carrier and amended their policy for fiscal year 2025-2026. The District has developed a system to review coverage annually upon policy renewal to verify that coverage is in compliance with requirements set forth by KDE.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings

A. None Reported

**ALLEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2025**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

II. FINANCIAL STATEMENTS FINDINGS

Prior Year Findings

A. None Reported.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings

A. None Reported.



CAMPBELL, MYERS AND RUTLEDGE, PLLC

R. Brent Billingsley, CPA ■ Jenna B. Glass, CPA ■ Lane S. Norris, CPA ■ Ryan A. Mosier, CPA

Jordan T. Constant, CPA ■ Cindy L. Greer, CPA ■ L. Joe Rutledge, CPA

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
Allen County School District
Scottsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Allen County School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Allen County School District's basic financial statements, and have issued our report thereon dated January 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allen County School 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 Allen County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Allen County School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allen County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed one instance of material noncompliance of specific state statutes or regulations identified in the Independent Auditor's Contract, 2025-001.

We noted other matters that we reported to management of Allen County School District in a separate letter dated January 6, 2026.

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.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
January 6, 2026



CAMPBELL, MYERS AND RUTLEDGE, PLLC

R. Brent Billingsley, CPA ■ Jenna B. Glass, CPA ■ Lane S. Norris, CPA ■ Ryan A. Mosier, CPA

Jordan T. Constant, CPA ■ Cindy L. Greer, CPA ■ L. Joe Rutledge, CPA

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
Allen County School District
Scottsville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allen County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Allen County School District's major federal programs for the year ended June 30, 2025. Allen County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Allen County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Allen County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Allen County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Allen County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Allen County School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Allen County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Allen County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Allen County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 have not been 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.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
January 6, 2026

APPENDIX F

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

STATEMENT OF INDEBTEDNESS

STATEMENT OF INDEBTEDNESS

KY CONST. §§ 157 and 158

KRS § 66.041

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF ALLEN)

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

- | | |
|--|---------------------|
| 1. The assessed valuation of taxable property in the District as estimated on the last certified assessment is | \$1,763,863,962 |
| 2. The current population of the District is | 21,300 |
| 3. The total amount of all bonds, notes, and other obligations of the District issued and outstanding, including the present Bonds of \$20,000,000* | \$33,057,318* |
| 4. Bonds, notes, and other obligations of the District excluded from the calculation of net indebtedness are as follows: | |
| (a) Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations | \$0 |
| (b) Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year | \$0 |
| (c) Obligations that are not self-supporting obligations and are issued after July 15, 1996, by any instrumentality of the District created to finance public projects for which there has been no pledge to the payment of debt charges of any tax of the District or for which there is no covenant by the District to collect or levy a tax to pay debt charges | \$13,057,318 |
| (d) Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the District or for which there is no covenant by the District to collect or levy a tax to pay debt charges | \$0 |
| (e) Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year | \$0 |
| (f) Leases entered into under KRS Sections 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases | \$0 |
| (g) Bonds issued in the case of an emergency, when the public health or safety should so require | \$0 |
| (h) Bonds issued to fund a floating indebtedness | <u>\$0</u> |
| TOTAL EXEMPT OBLIGATIONS | <u>\$20,000,000</u> |

5. The total amount of bonds, notes, and other obligations of the District subject to the debt limitation set forth in KRS Section 66.041 (Line 3 minus Line 4) is \$20,000,000
6. The total amount of bonds, notes, and other obligations of the District subject to the debt limitation set forth in KRS Section 66.041, as computed in Line 5 above, does not exceed 2% of the assessed valuation of all of the taxable property in the District.**
7. The current tax rate of the District, for school purposes, upon the value of its taxable property is \$.480 per \$100 of assessed valuation for real property and \$.533 per \$100 of assessed valuation for tangible property, which does not exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.
8. The issuance of the bonds, bond anticipation notes, or other obligations set forth in Line 3 hereof will not cause the tax rate set forth in Paragraph 7 hereof to increase in an amount which would exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.

IN WITNESS WHEREOF, I have hereunto set my hand this August 12, 2026.

By: _____
Treasurer

* Preliminary, subject to change

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

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

APPENDIX G

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL



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

_____, 2026

Board of Education of Allen County, Kentucky
Scottsville, Kentucky

Ladies and Gentlemen:

We have served as bond counsel to the Board of Education of Allen County, Kentucky (“Board”) and in such capacity have examined the transcript of proceedings for the issue of \$20,000,000 Board of Education of Allen County, Kentucky General Obligation Bonds, Series 2026 (the “Bonds”), dated August 12, 2026, numbered R-1 upward, and of denominations of \$5,000 or any integral multiple thereof. The Bonds are issued by the Board on behalf of the Allen County School District (“District”). The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

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

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

2. Under the laws, regulations, rulings, and judicial decisions in effect on the date hereof, interest on the Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the Bonds will not be treated as a specific item of tax preference in computing the Federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In rendering the opinions set forth in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code.

3. Interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or any political subdivision thereof. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

The Board has NOT designated the Bonds as “qualified tax-exempt obligations” with respect to investments by certain financial institutions under Section 265 of the Code.

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

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

APPENDIX H

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Certificate”) is executed and delivered as of August 12, 2026, by the Board of Education of Allen County, Kentucky (the “Issuer”), in connection with the issuance and delivery of \$20,000,000 aggregate principal amount of General Obligation Bonds, Series 2026 (the “Obligations”). The Obligations are being issued under and in accordance with a resolution duly adopted by the Board of Education of the Issuer on June 22, 2026 (the “Authorizing Legislation”). The Issuer hereby certifies, covenants, and agrees as follows:

Section 1. Purpose of this Certificate.

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

Section 2. Definitions; Scope of this Certificate.

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

“Annual Financial Information” means a copy of the annual comprehensive financial report prepared for the Issuer, which shall include, if prepared, a balance sheet, a statement of revenues and expenditures, and a statement of changes in fund balances, generally consistent with the information set forth in Appendix C to the Offering Document. All of such Annual Financial Information shall be prepared using generally accepted accounting principles as applied to governmental units; provided, however, that the Issuer may change the accounting principles used to prepare such Annual Financial Information so long as the Issuer includes, as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change, and explaining how to compare the financial information provided by the differing accounting principles. Any items listed above may be set forth in other documents which have been transmitted to the MSRB, including any Offering Documents of debt issues of the Issuer or any related public entities, or may be included by specific reference to any documents available to the public on the MSRB’s Electronic Municipal Market Access (EMMA) system or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference. If audited financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

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

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements, reflecting financial difficulties;

- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of any proposed or final determinations of taxability, any Notices of Proposed Issue (IRS Form 5701-TEB), or any other material notices or determinations with respect to the tax status of the security, or any other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except any mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution, or sale of any property securing the repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or any other similar event of the Issuer (Note – This event is considered to occur upon the occurrence of any of the following events: The appointment of a receiver, fiscal agent, or other similar officer for the Issuer in any proceeding under the U.S. Bankruptcy Code or in any other proceeding under any state or federal law in which any court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession of such assets or business but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
- (xiii) The consummation of a merger, consolidation, or other acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such actions, or the termination of a definitive agreement relating to such actions, other than in accordance with its terms, if material;
- (xiv) Appointment of any successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or any other similar terms of any Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, acceleration event, termination event, modification of terms, or any other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Offering Document” means the Official Statement dated July 22, 2026.

“Operating Data” means an update of certain operating data of the Issuer, which is limited to the information set forth in Appendix A of the FOS under the heading “TAX BASE AND OPERATING DATA”.

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

“SEC” means the Securities and Exchange Commission.

Section 3. Disclosure of Information.

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

(i) Annual Financial Information and Operating Data. The Annual Financial Information and Operating Data of the Issuer, at least annually, on or before nine months after the end of each fiscal year ending June 30, commencing with the fiscal year ended June 30, 2026, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information and Operating Data to the Disclosure Agent no later than fifteen Business Days before the disclosure date set forth above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the other Annual Financial Information.

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

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

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

(C) Means of Making Information Public.

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

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

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

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

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

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

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

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

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

Section 4. Amendment or Modification.

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

Section 5. Miscellaneous.

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

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

required under this Certificate, the Issuer shall have no obligation hereunder to update any such additional information or to include such information in any future Annual Financial Information, Operating Data, or notice of the occurrence of an Event provided under this Certificate.

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

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

Section 6. Additional Disclosure Obligations.

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

Section 7. Notices.

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

To the Issuer: Board of Education of Allen County, Kentucky
570 Oliver Street
Scottsville, Kentucky 42164
Attention: Chief Financial Officer
Telephone: 270.618.3181

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

[SIGNATURE PAGE CONTINUING DISCLOSURE CERTIFICATE]

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

**BOARD OF EDUCATION OF
ALLEN COUNTY, KENTUCKY**

Chairperson

Attest:

Secretary

APPENDIX I

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

BOOK ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered under the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that its participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between the Direct Participants’ accounts, which eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers, dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”), which is the holding company for DTC, the National Securities Clearing Corporation, and the Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, including both U.S. and non-U.S. securities brokers, dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with any Direct Participant, either directly or indirectly (the “Indirect Participants” and, together with the Direct Participants, the “Participants”). DTC has a rating of AA+ from S&P. The DTC Rules that are applicable to the Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all of the Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership of the Bonds. DTC has no knowledge of the actual Beneficial

Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

APPENDIX J

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

OFFICIAL TERMS AND CONDITIONS

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$20,000,000*

BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY GENERAL OBLIGATION BONDS, SERIES 2026

Notice is hereby given that electronic bids will be received by the Board of Education of Allen County, Kentucky (the “Board”), until 11:00 A.M. E.D.S.T. on July 22, 2026, at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 200 Mero Street, 5th Floor, Frankfort, KY 40622, receive sealed, competitive bids for the bonds of the Board described herein (the “Bonds”). To be considered, Bids must be submitted on an Official Bid Form and delivered to the Secretary of the Board at the address indicated, on the date of sale, no later than the hour indicated. Alternatively, electronic bids for the Bonds may be submitted through the BiDCOMPTM/PARITYTM system, as described herein. Bids will be opened by the Secretary and may be accepted without further action by the Board.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

The Bonds are authorized by Sections 66.011 to 66.191, inclusive, of Kentucky Revised Statutes, as amended (the “General Obligation Act”), and Section 160.160 of Kentucky Revised Statutes, as amended, and are being issued under and in accordance with a Bond Resolution adopted by the Board on June 22, 2026 (the “Bond Resolution”). The Bonds are general obligation bonds and constitute a direct indebtedness of the Board. The Bonds are issued by the Board for the benefit of and on behalf of the Allen County School District (“District”). The Bonds are secured by the Board’s ability to levy, and its pledge to levy, an ad valorem tax on all property within the District in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purposes of (i) financing the costs of renovations and improvements at Allen County High School (the “Project”), (ii) paying capitalized interest on the Bonds, if desirable; (iii) paying all or a portion of the costs of credit enhancement for the Bonds, if any; and (iv) paying all or a portion of the costs of issuance of the Bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS, AND PAYING AGENT

The Bonds shall be dated their date of initial issuance and delivery, bearing interest from such date, payable on each February 1 and August 1, commencing February 1, 2027.

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

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
August 1, 2027	\$100,000	August 1, 2037	\$1,245,000
August 1, 2028	420,000	August 1, 2038	1,295,000
August 1, 2029	435,000	August 1, 2039	1,350,000
August 1, 2030	440,000	August 1, 2040	1,410,000
August 1, 2031	460,000	August 1, 2041	1,470,000
August 1, 2032	475,000	August 1, 2042	1,535,000
August 1, 2033	495,000	August 1, 2043	1,605,000
August 1, 2034	640,000	August 1, 2044	1,680,000
August 1, 2035	650,000	August 1, 2045	1,760,000
August 1, 2036	695,000	August 1, 2046	1,840,000

The Bonds maturing on or after August 1, 2036 are subject to optional redemption on August 1, 2035 or any date thereafter, in whole or in part, in such order of maturity as shall be designated in writing

* Preliminary, subject to Permitted Adjustment as described herein.

by the District, and by lot within a maturity, at the election of the Board upon thirty-five days' written notice to U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Paying Agent and Registrar for the Bonds (the "Paying Agent and Registrar") at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

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

BIDDING CONDITIONS AND RESTRICTIONS

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

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

(ii) Minimum Bid. Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$19,600,000 (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

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

(iv) Award; Adjustment. The determination of the best purchase bid for each of the Bonds will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) which, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds, as set forth in the Official Bid Form for the Bonds, for exactly \$20,000,000 principal amount of Bonds offered for sale hereunder. Upon determination of the lowest true interest rate, the principal amounts of the Bonds shall be immediately adjusted by the Board in order to determine the maturities of the final bond issue. The successful bidder will be required to accept the Bonds in the amounts so computed, whether the principal amount has been increased in an amount up to 10% or decreased in an amount deemed by the Board to be in the best interest of the Board (the "Permitted Adjustment") and to pay the purchase price based upon the aggregate amount of the final issue.

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

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

(vi) Interest Rates. Bidders must stipulate an interest rates in multiples of 1/8, 1/10, or 1/20 of 1%. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. There is no limit on the number of different interest rates. Interest rates may not exceed 6.00% per annum.

(vii) Submission of Bids. Each bid on the Official Bid Form shall be placed in a sealed envelope addressed to the Board, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the “Board of Education of Allen County, Kentucky General Obligation Bonds, Series of 2026.” No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of the Kentucky School Facilities Construction Commission before the time set forth at the beginning of these Official Terms and Conditions.

Electronic proposals will also be received via BIDCOMP™/PARITY™, in the manner prescribed by these Official Terms and Conditions, until 11:00 A.M. E.D.S.T., on July 22, 2026, and no bid received after such time shall be accepted. Electronic bids for the Bonds must be submitted through the BIDCOMP™/PARITY™ system, and no other provider of electronic bidding services will be accepted. A subscription to the BiDCOMP™/PARITY™ System is required in order to submit an electronic bid for the Bonds. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids, whether in electronic or written form. Electronic bids made through the BiDCOMP™/PARITY™ facilities shall be deemed an offer to purchase in response to the Notice of Bond Sale, and shall be binding upon such bidders as if made by signed, sealed, and written bids delivered to the Board. The Board shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. To the extent any instructions or directions provided by the BIDCOMP™/PARITY™ system conflict with these Official Terms and Conditions, the terms of these Official Terms and Conditions shall control. For additional information regarding the BIDCOMP™/PARITY™ system, potential bidders may contact the Independent Registered Municipal Advisor or BIDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, New York 10010, Telephone: (212) 404-8102.

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

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

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

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

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

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

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

(xv) Rights Reserved. The Board reserves the right to reject any and all bids for the Bonds, to waive any informality in any bid, or, upon 24 hours advance notice before the sale date provided through the BiDCOMP™/PARITY™ system, to postpone the sale date of the Bonds. The Bonds are offered for sale subject to the principal of and interest on the Bonds not being subject to federal income taxation nor being subject to Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the purchaser, all in accordance with the final approving legal opinion of Steptoe & Johnson PLLC, Louisville, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

(xvi) Independent Registered Municipal Advisor. Bidders are advised that Robert W. Baird & Co., Inc., Louisville, Kentucky has been employed as an Independent Registered Municipal Advisor in connection with the issuance of the Bonds. Its fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.

(xvii) Purchaser Certification. The purchaser of the Bonds shall assist the Board in establishing the issue price of the Bonds and shall execute and deliver to the Board at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the Board under these Official Terms and Conditions to establish the issue price of the Bonds may be taken on behalf of the Board by the Board’s Independent Registered Municipal Advisor identified herein and any notice or report to be provided to the Board shall be provided to the Board’s Independent Registered Municipal Advisor.

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

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

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

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

If the competitive sale requirements are not satisfied, the winning bidder for the Bonds shall assist the Board in establishing the issue price of the Bonds and shall execute and deliver to the Board at Closing an “issue price” or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity).

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

By submitting a bid for the Bonds, each bidder confirms that: (1) any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and (2) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

CONTINUING DISCLOSURE

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

The Board intends to file all future Annual Financial Information within the time requirements set forth in the Continuing Disclosure Certificate and has adopted policies and procedures to ensure the timely filing thereof. The Board's policies and procedures are available to the public upon request.

TAX TREATMENT

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and will not be an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Further, Bond Counsel is of the opinion that interest on the Bonds is exempt from income taxation and that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

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

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

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

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

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

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

BOARD OF EDUCATION OF ALLEN
COUNTY, KENTUCKY

By: /s/ Jason T. Hamby, Secretary

APPENDIX K

**BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES OF 2026**

BIF FORM

OFFICIAL BID FORM
BOARD OF EDUCATION OF ALLEN COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2026

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$20,000,000* of General Obligation Bonds, Series 2026 (the “Bonds”), dated their date of initial issuance and delivery, offered for sale by the Board of Education of Allen County, Kentucky (the “Board”) in accordance with the Preliminary Official Statement dated July 15, 2026 and the related Notice of Bond Sale and Official Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$20,000,000* principal amount of the Bonds, the total sum of \$_____ (not less than \$19,600,000) at the following annual rate(s), payable semiannually (rates of any maturity may be less than any preceding maturity, number of interest rates unlimited but no rate may exceed 6.00%):

<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>
August 1, 2027	\$100,000	_____ %	August 1, 2037	\$1,245,000	_____ %
August 1, 2028	420,000	_____ %	August 1, 2038	1,295,000	_____ %
August 1, 2029	435,000	_____ %	August 1, 2039	1,350,000	_____ %
August 1, 2030	440,000	_____ %	August 1, 2040	1,410,000	_____ %
August 1, 2031	460,000	_____ %	August 1, 2041	1,470,000	_____ %
August 1, 2032	475,000	_____ %	August 1, 2042	1,535,000	_____ %
August 1, 2033	495,000	_____ %	August 1, 2043	1,605,000	_____ %
August 1, 2034	640,000	_____ %	August 1, 2044	1,680,000	_____ %
August 1, 2035	650,000	_____ %	August 1, 2045	1,760,000	_____ %
August 1, 2036	695,000	_____ %	August 1, 2046	1,840,000	_____ %

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

Bids may be submitted electronically via BiDCOMP™/PARITY™ pursuant to this Notice until the appointed date and time, but no bid will be received after such time. Notwithstanding the foregoing, completed bid forms may be submitted until the appointed date and time (i) in a sealed envelope marked “Official Bid for Bonds” or (ii) by facsimile transmission, in each case delivered to the office of the Executive Director of the Kentucky School Facilities Construction, 200 Mero Street, 5th Floor, Frankfort, KY 40622. Neither the District nor the Independent Registered Municipal Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or have been delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone.

We understand this bid may be accepted with variations in maturing amounts.

* Preliminary, subject to change.

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

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

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

Respectfully submitted,

Bidder

Address

By: _____
Signature

Total interest cost: Date of Delivery (estimated to be August 12, 2026) to Final Maturity \$ _____

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

Aggregate interest cost \$ _____

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

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

Accepted by the Secretary of the Board of Education of Allen County, Kentucky for
\$ _____ principal amount of Bonds at the price of \$ _____ as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
August 1, 2027	\$ _____	_____ %	August 1, 2037	\$ _____	_____ %
August 1, 2028	\$ _____	_____ %	August 1, 2038	\$ _____	_____ %
August 1, 2029	\$ _____	_____ %	August 1, 2039	\$ _____	_____ %
August 1, 2030	\$ _____	_____ %	August 1, 2040	\$ _____	_____ %
August 1, 2031	\$ _____	_____ %	August 1, 2041	\$ _____	_____ %
August 1, 2032	\$ _____	_____ %	August 1, 2042	\$ _____	_____ %
August 1, 2033	\$ _____	_____ %	August 1, 2043	\$ _____	_____ %
August 1, 2034	\$ _____	_____ %	August 1, 2044	\$ _____	_____ %
August 1, 2035	\$ _____	_____ %	August 1, 2045	\$ _____	_____ %
August 1, 2036	\$ _____	_____ %	August 1, 2046	\$ _____	_____ %

Secretary, Board of Education
of Allen County, Kentucky

Dated: July 22, 2026