

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2026

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

**New Issue
NOT Bank Qualified
Book-Entry-Only System**

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



\$8,675,000*

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

Dated: Date of Delivery

Bonds Due: August 1, as set forth below

The Board of Education of Caldwell County, Kentucky General Obligation Bonds, Series 2026 (the "Bonds"), will be issued initially in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal and interest on the Bonds will be paid by Old National Wealth Management, Evansville, Indiana, as Paying Agent and Bond Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal or interest to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issuable in denominations of \$5,000 or any integral multiples thereof, fully registered as to both principal and interest. Interest on the Bonds is payable semi-annually on each February 1 and August 1, commencing on February 1, 2027. The Bonds will mature on August 1 in the following years:

Maturing August 1	Amount*	Interest Rate	Price/ Yield	CUSIP	Maturing August 1	Amount*	Interest Rate	Price/ Yield	CUSIP
2027	\$190,000	___%		___	2037	\$175,000	___%		___
2028	200,000	___%			2038	180,000	___%		
2029	205,000	___%			2039	185,000	___%		
2030	210,000	___%			2040	200,000	___%		
2031	215,000	___%			2041	205,000	___%		
2032	165,000	___%			2042	1,195,000	___%		
2033	170,000	___%			2043	1,245,000	___%		
2034	180,000	___%			2044	1,300,000	___%		
2035	185,000	___%			2045	1,360,000	___%		
2036	190,000	___%			2046	720,000	___%		

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

The Bonds are offered, subject to prior sale, when, as and if issued, subject to prior approval of legality and tax exemption by Rubin & Hays, Louisville, Kentucky, Bond Counsel. Delivery of the Bonds is expected on or about July 30, 2026.

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



* Preliminary, subject to adjustment

REGARDING USE OF THIS PRELIMINARY OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

CALDWELL COUNTY BOARD OF EDUCATION

Board Members

Timothy Kennaday, *Board Chair*

Kim Cook, *Vice Chair*

Stacy Brantley, *Member*

Jamie Bates, *Member*

Anna Ray, *Member*

Dr. Jeremy Roach, *Superintendent and Secretary*

Tammy Easley, *Finance Officer*

BOND COUNSEL

Rubin & Hays

Louisville, Kentucky

FINANCIAL ADVISOR

Robert W. Baird & Co., Incorporated

Louisville, Kentucky

PAYING AGENT AND BOND REGISTRAR

Old National Wealth Management

Evansville, Indiana

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**OFFICIAL STATEMENT
Relating To**

\$8,675,000*

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

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and Appendices hereto, is furnished in connection with the offering of \$8,675,000* principal amount of General Obligation Bonds, Series 2026 (the “Bonds”), of the Board of Education of Caldwell County, Kentucky (the “Board”) as the governing body of the Caldwell County School District (the “District”). The Bonds will be issued under and in compliance with the laws of the Commonwealth of Kentucky (the “Commonwealth”), including Sections 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.191, Section 160.160 and Sections 162.010 through 162.387 of the Kentucky Revised Statutes (collectively the “Act”), and in accordance with a resolution (the “Bond Resolution” or “Resolution”) adopted by the Board.

The Bonds have been authorized and are being issued to pay the cost to renovate, improve and equip Caldwell County Middle School (collectively the “Project”), as described under the heading “THE PROJECT”.

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

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

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

The Paying Agent and Bond Registrar for the Bonds is Old National Wealth Management Evansville, Indiana (the “Paying Agent”).

There follows brief descriptions of the Board and the District, the Project to be financed, the Bonds, the Bond Resolution, and related documents, and the Continuing Disclosure Agreement, together with the Appendices containing financial and other information with respect to the District. All descriptions contained herein of the Bonds, the Bond Resolution, and related documents, and the Continuing Disclosure Agreement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, all of which are available for inspection at the District office located at 612 W Washington Street, Princeton, Kentucky 42445.

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

THE BOARD AND THE DISTRICT

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

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

<u>Member</u>	<u>Position</u>	<u>Term Ends</u>
Timothy Kennaday	Chair	12/31/2026
Kim Cook	Vice Chair	12/31/2026
Stacy Brantley	Member	12/31/2028
Jamie Bates	Member	12/31/2028
Anna Ray	Member	12/31/2028

During the 2025-26 school year, the District employed 109 full time teachers and 240 support and administrative staff for a total employment of 349 persons. The District's student to teacher ratio is 16:1. 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. Key District administrative personnel include:

<u>Name</u>	<u>Position</u>	<u>Years With District</u>
Dr. Jeremy Roach	Superintendent	5
Tammy Easley	Finance Officer	28

For the year 2025-26, District enrollment totaled 1,717 students, consisting of 793 Elementary students (grades K-5), 387 Middle school students (grades 6-8), 537 High school students (grades 9-12), and 117 other students consisting of preschool age children and over 18 year olds. The District operates one (1) Primary school, one (1) Elementary school, one (1) Middle school, and one (1) High school. The District provides primary and secondary education to Caldwell County, Kentucky. All of the District's students currently qualify for free/reduced meal programs through the 2027-2028 school year.

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 in included in Appendix B; demographic and economic data for the area served by the District is included in Appendix C; Estimated Debt Service Requirements for the Bonds is included in Appendix D; and the Audited Financial Statements of the District for its Fiscal Year ended June 30, 2025 are included as Appendix E.

THE BONDS

General

The Bonds will be dated the date of initial delivery thereof, will bear interest from the date of their issuance, payable semi-annually on February 1 and August 1 of each year commencing February 1, 2026. Payments on each Bond will be paid to the person who is the Registered Owner thereof as of the close of business on the fifteenth day of the month preceding any Interest Payment Date (the "Record Date"), whether or not such Record Date is a business day. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

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

Denominations and Payment of Bonds

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

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

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

Registration, Transfer, and Exchange

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

Upon surrender for registration of transfer of any Bond at the principal office of the Paying Agent, the Paying Agent shall authenticate and shall deliver a new Bond or Bonds in the same aggregate principal amount as the Bond surrendered. No transfer of any Bond shall be binding upon the Paying Agent unless made at such office and shown on the Bond Register. Unless and until the Paying Agent notifies the Bondowners in writing of any change of Paying Agent or of any change of the designated corporate trust office thereof, the Paying Agent’s designated corporate trust office shall be One Main Street, Evansville, Indiana 47708, Attention: Corporate Trust Administration.

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

Optional Redemption

The Bonds maturing prior to August 1, 2035 shall not be subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 2035, are subject to optional redemption, in whole or in part, by the District prior to their stated maturities, at any time falling on or after August 1, 2034, and in any order of maturities (less than all Bonds of a single maturity to be selected by the Bond Registrar by lot in such manner as may be determined in the discretion of the Paying Agent) upon payment of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption.

Notice of Redemption and Payments

Notice of redemption with respect to the Bonds is to be given by the Paying Agent on behalf of the District to the registered owner of each Bond being redeemed by first class mail, addressed to the last known address of such Bondholder as it appears upon the Bond Register, or

at such other address as is furnished in writing by the Bondholder to the Paying Agent, not fewer than 25 days nor more than 60 days prior to redemption. Failure to receive any such notice or any defect therein shall not affect the validity of any proceeding for the redemption of any other Bond.

All notices of redemption shall state:

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

In the case of an optional redemption pursuant to the Bond Resolution, the notice of redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent no later than the redemption date or (ii) that the District retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded in writing, and disseminated to each Bondholder in accordance with the procedures set forth in the Bond Resolution, no later than 7 days prior to the redemption date.

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

Notice of the call for redemption of Bonds held under a book-entry system will be sent by the Paying Agent only to DTC or its nominee as registered owner. Selection of book-entry interests in the Bonds called and notice of call to the owners of those interests called, is the responsibility of DTC, Direct Participants and Indirect Participants. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the book-entry interest

owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of the Bonds (see “BOOK-ENTRY ONLY SYSTEM” herein).

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

Defeasance

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

BOOK-ENTRY ONLY SYSTEM

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

THE BOARD, THE DISTRICT AND THE PAYING AGENT WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY

DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE RESOLUTION; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

THE PROJECT

The Project consists of the renovation, improvement and equipping of Caldwell County Middle School (collectively the “Project”).

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

SOURCES AND USES OF FUNDS

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

Sources of funds:

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

Uses of funds:

Deposit to Project Construction Fund	\$ _____
Issuance Costs ¹	_____
Underwriter’s Discount	_____
Total Uses of Funds	\$ _____

¹Includes Financial Advisor, Bond Counsel, Rating Agency, Paying Agent and other issuance costs.

SECURITY AND SOURCES OF PAYMENT

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

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

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

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

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

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

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

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

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

THE BOND RESOLUTION

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

Funds and Accounts

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

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

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

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

(b) *Costs of Issuance Fund.* There is created in the Bond Resolution the “Board of Education of Caldwell County, Kentucky General Obligation Bonds Series 2026 Costs of Issuance Fund” (the “Costs of Issuance Fund”), which shall also be deposited with the Paying Agent as and when needed, into which Costs of Issuance Fund there shall be set aside and deposited the issuance costs of the Bonds. Funds on deposit in the Costs of Issuance Fund shall not be invested and shall be held by the Paying Agent without liability for interest.

(c) *Construction Fund.* There is created in the Bond Resolution the “Board of Education of Caldwell County, Kentucky General Obligation Bonds Series 2026 Construction Fund” (the “Construction Fund”) to be deposited with the Construction Fund Depository, into which there shall be set aside out of the proceeds of the sale of the Bonds the amount remaining for the Project.

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

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

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

Investment of Funds

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

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

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

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

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

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

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

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

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

(g) Commercial paper rated in the highest category by a competent rating agency;

(h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a competent rating agency;

(j) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:

1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;

2. The management company of the investment company shall have been in operation for at least five (5) years; and

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

(k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and

(l) Individual high-quality corporate bonds that are managed by a professional investment manager that:

1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
2. Have a standard maturity of no more than ten (10) years; and
3. Are rated in the three (3) highest rating categories by at least two (2) competent credit rating agencies.

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

Additional Covenants

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

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

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

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

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

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

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

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

Amendments

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

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

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

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

Events of Default and Remedies

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

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

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

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

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

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

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

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

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

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

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

FUTURE INDEBTEDNESS

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

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

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

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

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

From the District's records, the value of the taxable property within the District, as of January 1, 2026, is \$914,006,243, 2% of which is \$18,280,124. The total amount of the District's net indebtedness, including the Bonds, does not exceed the borrowing limit and in fact is substantially less than the borrowing limit. *See Appendix E, “Audited Financial Statements of the Caldwell County School District for the Period Ended June 30, 2025.”*

STATE SUPPORT FOR EDUCATION

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

Adjusted Base Guaranteed Funding Level

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

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

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

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

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

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

Tier I Funding Level

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

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

Tier II Funding Level

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

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

State and Local Funding for Capital Outlay and Facilities/Construction

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

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

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

STATE INTERCEPT

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Project and has entered into a Participation Agreement with the Board, whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately 7.6% of the total debt service requirements to be applied only to the payment of the principal and interest requirements on the Bonds; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2028; the right is reserved in the Commission to terminate the commitment to pay the Agreed Participation every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of its biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

The Kentucky Department of Education exercises certain supervision of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditures and the annual approval of an operating budget as a prerequisite to such operation. All local boards who have issued or entered into contracts for the issuance of bonds must arrange for insurance protection in an amount equal to the full insurable value of the buildings or to the continuous retention of such insurance. This Kentucky Department of Education supervision and

control is believed to be a major contribution toward the maintenance of Kentucky's record of no defaults in payment of bonds issued for school purposes.

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

CALDWELL COUNTY SCHOOL DISTRICT REVENUE SOURCES

Capital Outlay Allotment

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

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

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

General Property and Motor Vehicle Tax

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

FSPK Program

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

Recallable Nickel

Pursuant to KRS 160.470 and KRS 132.017, on April 11, 2017, the Board adopted and levied a \$.05 real and tangible property increase for debt service and for new school facilities. No opposition to the tax occurred at a public hearing and no petition was filed for recall after passage. The increase generates an additional \$457,003 in local revenue based on the 2025-26 assessments.

Utility Tax

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

SEEK Program Fund

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

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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 and budgeted revenues and expenditures for the current fiscal year.

Description	Working Budget	Actual		
	2025-26 ⁽¹⁾	2024-25	2023-24	2022-23
Beginning Balance	<u>\$6,329,124</u>	<u>\$5,868,944</u>	<u>\$5,312,884</u>	<u>\$5,126,482</u>
Revenues:				
Local Sources	4,409,325	4,783,267	4,603,678	4,266,321
State Sources	13,644,047	13,587,343	12,859,464	13,606,943
Federal Sources	-	110,902	-	-
Sale of Property, Reimbursements, etc.	-	-	11,000	61,500
Transfers, Clearing Accts and Other	163,300	764,786	370,760	314,726
Total Revenues	<u>\$18,216,672</u>	<u>\$19,135,396</u>	<u>\$17,844,902</u>	<u>\$18,249,490</u>
Total of All Receipts Plus Beginning Balance	<u>\$24,545,796</u>	<u>\$25,004,340</u>	<u>\$23,157,787</u>	<u>\$23,375,971</u>
Expenditures:				
Total Current Expenses	\$24,505,796	\$18,641,721	\$17,255,388	\$18,025,837
Advancements, Loans & Transfers, etc.	40,000	33,494	33,455	37,250
Total Expenditures	<u>\$24,545,796</u>	<u>\$18,675,215</u>	<u>\$17,288,843</u>	<u>\$18,063,087</u>
Ending Balance	<u>\$ -</u>	<u>\$6,329,124</u>	<u>\$5,868,944</u>	<u>\$5,312,884</u>

Source: Caldwell County School District

⁽¹⁾Based on the FY26 Working Budget

STATE AND LOCAL TAX LIMITATIONS

Homestead Exemption

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

General Limitations on Taxation

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

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

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

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

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

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

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

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

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

EMPLOYEE PENSIONS

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

KTRS

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

Plan members are required to contribute a percentage of their annual covered compensation. The Commonwealth provides matching contributions as required by KRS 165.540 and 161.550. The payments made by the Commonwealth on behalf of the District's certified employees, amounting to \$2,266,857 are reflected in the accompanying financial statements as both revenues and expenses/expenditures. The Commonwealth of Kentucky requires payments for federally funded employees to be made by such federal funds. For a detailed description of the District's participation in KTRS see Appendix E.

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

CERS

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

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

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

The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

CERTAIN RISKS ASSOCIATED WITH THE BONDS

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

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

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

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

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

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

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

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

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

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

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

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

LITIGATION

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

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

TAX EXEMPTION

General

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

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

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

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

Certain Federal Income Tax Consequences

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

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

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

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

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

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

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

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

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

Kentucky Tax Exemption

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

Original Issue Discount

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

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

Original Issue Premium

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

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

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

Future Tax Legislation

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

Other Tax Matters

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

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

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

LEGAL MATTERS

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

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

DISCLOSURE COMPLIANCE

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

(i) with the Municipal Securities Rulemaking Board (the “MSRB”), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, generally consistent with the financial information and operating data contained in Appendix A hereof, together with audited financial statements. Such information is expected to be available on or before 180 days after the end of each fiscal year ending on the preceding June 30 and will be made available, in addition to the MSRB, to each holder of the Bonds who makes written request for such information; provided that audited financial statements, if not available 180 days after the end of the fiscal year for each year, will be filed when available.

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

than GAAP. Reference is made to the notes on the Board's audited financial statements for a detailed description of the accounting principles pursuant to which the Board's financial statements will be prepared;

(ii) with the MSRB through EMMA, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten business days after the occurrence of such event: (a) principal and interest payment delinquencies, (b) non-payment related defaults, if material, (c) unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers, or their failure to perform, (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds, (g) modifications to rights of holders of Bonds, if material, (h) Bond calls, if material, and tender offers, (i) defeasances, (j) release, substitution or sale of property securing repayment of the Bonds, if material, (k) rating changes, (l) bankruptcy, insolvency, receivership or similar event of the District or the Board, (m) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material, (n) appointment of a successor or additional trustee or the change of a trustee, if material, (o) incurrence of a financial obligation of the District or the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or the Board, any of which affect Bondholders, if material; and/or (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or the Board, any of which reflect financial difficulties; provided that the Board, as the case may be, may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of such entity, any such other event is material with respect to the Bonds; but the Board does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above; and

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

The Board reserves the right to modify from time to time the specific types of information filed or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Board, provided that the Board agrees that any such modification will be done in a manner consistent with the Rule. The Board reserves the right to terminate its obligation to file annual financial information and notices of material events as set forth above, if and when the Board no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Board acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders (including Beneficial Owners) of the

Bonds and shall be enforceable by any holder of the Bonds, provided that a Bondholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Board's obligations pursuant to the provisions of this undertaking, and any failure by the Board to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under the Bond Resolution.

The Board has complied in all material respects with their previous undertakings under the Rule for the last five years, with the exception of a late filing of the 2025 FYE operating data which was due on March 31, 2026 and filed on June 15, 2026. Additionally, a failure to file notice was filed late on June 17, 2026. The Board has undertaken written procedures to ensure timely filings. These procedures are outlined in the Continuing Disclosure Agreement (see Appendix G, Continuing Disclosure Agreement).

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

RATINGS

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

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

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated ("Baird"), Louisville, Kentucky, has acted as Financial Advisor to the Board in connection with the issuance of the Bonds and will receive a fee, payable from bond proceeds, for their services as Financial Advisor, contingent upon the issuance and sale of the Bonds. In this capacity, Baird has compiled certain data relating to the Bonds that is contained in this Official Statement. Baird is not obligated to undertake, and has

not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Baird is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

UNDERWRITING

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

REFERENCE TO DOCUMENTS

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

MISCELLANEOUS

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

BOARD OF EDUCATION OF CALDWELL COUNTY, KENTUCKY

By: /s/ Timothy Kennaday
Chairperson

By: /s/ Dr. Jeremy Roach
Superintendent and Secretary

APPENDIX A

CALDWELL COUNTY SCHOOL DISTRICT

Tax Base and Operating Data

TAX BASE AND OPERATING DATA

Local Tax Rates, Property Assessment and Revenue Collections

Local Tax Rates

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Motor Vehicle</u>	<u>Utility Tax</u>
2025-26	\$.446	\$.446	\$.538	3%
2024-25	.446	.446	.538	3
2023-24	.446	.446	.538	3
2022-23	.446	.446	.538	3
2021-22	.446	.446	.538	3

Property Assessment

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Franchise</u>	<u>Motor Vehicle</u>	<u>Total Assessments</u>
2025-26	\$603,382,019	\$93,054,152	\$79,280,336	\$138,289,736	\$914,006,243
2024-25	575,244,504	82,096,487	67,226,236	132,994,589	857,561,816
2023-24	544,963,645	74,689,546	66,507,808	135,885,529	822,046,528
2022-23	515,474,783	63,479,670	64,582,461	119,735,148	763,272,062
2021-22	500,098,698	69,509,115	73,260,322	107,496,634	750,364,769

Revenue Collections

<u>Fiscal Year</u>	<u>Taxes Budgeted</u>	<u>Taxes Collected</u>	<u>Percent Collected</u>
2025-26 ⁽¹⁾	\$3,889,016	n/a	n/a
2024-25	3,637,562	\$3,957,480	108.8%
2023-24	3,502,046	3,725,344	106.4
2022-23	3,243,272	3,506,693	108.1
2021-22	3,100,364	3,492,257	112.6

(1) Estimates based on 2026 Working Budget Report.

Capital Outlay, SEEK, and FSPK Funding

<u>Fiscal Year</u>	<u>Capital Outlay</u>	<u>SEEK</u>	<u>FSPK</u>
2025-26 ⁽¹⁾	\$163,300	\$8,971,447	\$1,068,548
2024-25	166,341	8,646,977	1,156,822
2023-24	176,710	8,257,579	973,328
2022-23	177,376	8,296,853	1,038,868
2021-22	177,376	7,809,908	874,398

(1) Estimates based on 2026 Working Budget Report.

History of Enrollment and ADA

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Average Daily Attendance</u>
2025-26	1,717	1,658.0
2024-25	1,750	1,663.4
2023-24	1,766	1,767.1
2022-23	1,778	1,773.8
2021-22	1,731	1,773.8

Source: Caldwell County School District

APPENDIX B

CALDWELL COUNTY SCHOOL DISTRICT

Outstanding Bonds of the Board and the District

**CALDWELL COUNTY SCHOOL DISTRICT
OUTSTANDING BONDS OF THE DISTRICT**

The bonds outstanding of the District as of July 1, 2026 are presented below.

DISTRICT PARTICIPATION BONDS

Dated Date of Bond Issue	Original Amount Issued	Bonds Outstanding
April 18, 2018	\$ 4,785,899	\$ 4,768,265
October 15, 2020	5,441,327	2,813,748
May 19, 2022	<u>7,505,608</u>	<u>6,814,978</u>
Subtotal	<u>\$ 17,732,834</u>	<u>\$ 14,396,991</u>

SCHOOL FACILITIES CONSTRUCTION COMMISSION PARTICIPATION BONDS ⁽¹⁾

Dated Date of Bond Issue	Original Amount Issued	Bonds Outstanding
April 18, 2018	\$ 474,101	\$ 316,735
October 15, 2020	513,673	261,252
May 19, 2022	<u>674,392</u>	<u>575,022</u>
Subtotal	<u>\$ 1,662,166</u>	<u>\$ 1,153,009</u>
Total	<u><u>\$ 19,395,000</u></u>	<u><u>\$ 15,550,000</u></u>

Source: Caldwell County School District

(1) The Bonds of the Commission are subject to state biennial appropriations.

APPENDIX C

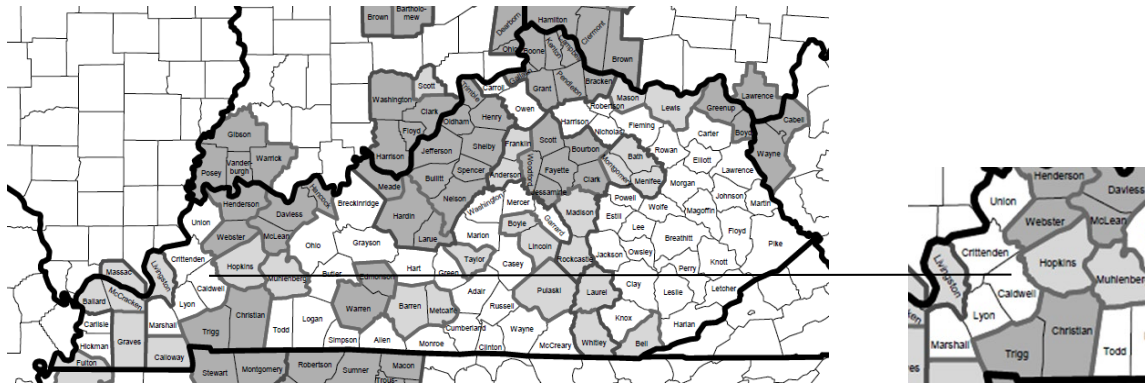
CALDWELL COUNTY SCHOOL DISTRICT

Demographic and Economic Data

CALDWELL COUNTY, KENTUCKY

Caldwell County has an estimated 2026 population of 12,630 and a land area of 348 square miles. Princeton, the county seat of Caldwell County, is located in the Pennyryle Region of Western Kentucky just east of Lake Barkley, the Land Between the Lakes and the vast Western Waterland area. Princeton, with an estimated 2026 population of 6,156 is located 100 miles northwest of Nashville, Tennessee; 174 miles southwest of Louisville, Kentucky; and 219 miles southeast of St. Louis, Missouri.

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



Labor Supply

There is a current estimated potential labor supply of 109,046 persons available for industrial 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 Christian, Crittenden, Hopkins, Livingston, Lyon, Marshall, McCracken, Trigg, and Webster County.

The following represents the largest employers in Caldwell County as of June 2026:

<u>Firm</u>	<u>Industry</u>	<u>Average Employment</u>
TreeHouse Foods Inc.	Cookies & crackers	500+
Walmart	Retail department store	300
Caldwell County Schools	Public education	285
Hydro-Gear LP	Hydrostatic parts for the lawn and garden industry	250
Caldwell Medical Center	Healthcare/Hospital	175+
Marshalls	Retail department store	66
Special Metals Powder Division	Powdered metals and consolidations	65+
Fredonia Valley Bancorp, Inc.	Banking	65
Caldwell County Government	General Government	50
City of Princeton	General Government	30

**Caldwell County
Economic Statistics
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>Employment</u>	<u>Civilian Labor Force</u>
2026	(1)	(1)	(1)	3.6% ⁽²⁾	5,667 ⁽²⁾	5,880 ⁽²⁾
2025	(1)	(1)	\$848	4.2	5,739	5,988
2024	\$47,832	\$51,984	842	4.4	5,721	5,981
2023	46,255	52,719	818	3.8	5,669	5,891
2022	44,203	51,553	794	3.4	5,933	6,143

Source: U.S. Bureau of Labor Statistics

(1) Data not available.

(2) Preliminary, as of April 2026

**The Economic Framework
Caldwell County, Kentucky**

PERSONS BY INDUSTRY

	<u>Number</u>	<u>Percent</u>
Total All Industries	5,284	100.0%
Agriculture, forestry, fishing & hunting, & mining	311	5.9%
Construction	156	3.0%
Manufacturing	1,258	23.8%
Wholesale trade	150	2.8%
Retail trade	547	10.4%
Transportation & warehousing, & utilities	366	6.9%
Information	77	1.5%
Finance & insurance	204	3.9%
Professional, scientific, management, administrative & waste management services	332	6.3%
Educational services, health care & social assistance	1,013	19.2%
Arts, entertainment, recreation, accommodation & food services	553	10.5%
Other services, except public administration	130	2.5%
Public administration	187	3.5%

Population

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

	<u>Caldwell County, KY</u>	<u>Princeton, KY</u>
2026 Estimate	12,840	6,237
2020 U.S. Census	12,649	6,270
2010 U.S. Census	12,984	6,329

Income

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

<u>HOUSEHOLDS BY INCOME</u>	<u>Caldwell County, KY</u>		<u>Princeton, KY</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$10,000	195	3.9%	65	2.7%
\$10,000 to \$14,999	332	6.6%	244	10.3%
\$15,000 to \$24,999	605	12.0%	312	13.2%
\$25,000 to \$34,999	488	9.7%	230	9.7%
\$35,000 to \$49,999	636	12.7%	358	15.1%
\$50,000 to \$74,999	742	14.8%	312	13.2%
\$75,000 to \$99,999	739	14.7%	267	11.3%
\$100,000 to \$149,999	779	15.5%	356	15.0%
\$150,000 to \$199,999	330	6.6%	178	7.5%
\$200,000 or MORE	179	3.6%	45	1.9%

Source: U.S. Census Bureau, 2019-2024 American Community Survey 5-Year Estimates

APPENDIX D

CALDWELL COUNTY SCHOOL DISTRICT

**Estimated District and Commission Debt Service Requirements on the Series 2026 Bonds
and Total Annual Debt Service Requirements**

*Board of Education of Caldwell County, Kentucky
General Obligation Bonds, Series 2026*

ESTIMATED DEBT SERVICE REQUIREMENTS ON SERIES 2026 BONDS

Date	Commission			District			Combined			Fiscal Total
	Principal	Interest	Total P+I	Principal	Interest	Total P+I	Principal	Interest	Total P+I	
02/01/2027	-	\$13,616.45	\$13,616.45	-	\$160,919.83	\$160,919.83	-	\$174,536.28	\$174,536.28	-
08/01/2027	\$26,323	13,541.23	39,864.23	\$163,677	160,030.77	323,707.77	\$190,000	173,572.00	363,572.00	\$538,108.28
02/01/2028	-	13,177.97	13,177.97	-	157,772.03	157,772.03	-	170,950.00	170,950.00	-
08/01/2028	27,071	13,177.97	40,248.97	172,929	157,772.03	330,701.03	200,000	170,950.00	370,950.00	541,900.00
02/01/2029	-	12,793.56	12,793.56	-	155,316.44	155,316.44	-	168,110.00	168,110.00	-
08/01/2029	27,866	12,793.56	40,659.56	177,134	155,316.44	332,450.44	205,000	168,110.00	373,110.00	541,220.00
02/01/2030	-	12,382.54	12,382.54	-	152,703.71	152,703.71	-	165,086.25	165,086.25	-
08/01/2030	28,711	12,382.54	41,093.54	181,289	152,703.71	333,992.71	210,000	165,086.25	375,086.25	540,172.50
02/01/2031	-	11,949.00	11,949.00	-	149,966.25	149,966.25	-	161,915.25	161,915.25	-
08/01/2031	29,602	11,949.00	41,551.00	185,398	149,966.25	335,364.25	215,000	161,915.25	376,915.25	538,830.50
02/01/2032	-	11,491.65	11,491.65	-	147,101.85	147,101.85	-	158,593.50	158,593.50	-
08/01/2032	30,545	11,491.65	42,036.65	134,455	147,101.85	281,556.85	165,000	158,593.50	323,593.50	482,187.00
02/01/2033	-	11,005.98	11,005.98	-	144,964.02	144,964.02	-	155,970.00	155,970.00	-
08/01/2033	31,540	11,005.98	42,545.98	138,460	144,964.02	283,424.02	170,000	155,970.00	325,970.00	481,940.00
02/01/2034	-	10,496.61	10,496.61	-	142,727.89	142,727.89	-	153,224.50	153,224.50	-
08/01/2034	32,589	10,496.61	43,085.61	147,411	142,727.89	290,138.89	180,000	153,224.50	333,224.50	486,449.00
02/01/2035	-	9,957.26	9,957.26	-	140,288.24	140,288.24	-	150,245.50	150,245.50	-
08/01/2035	33,697	9,957.26	43,654.26	151,303	140,288.24	291,591.24	185,000	150,245.50	335,245.50	485,491.00
02/01/2036	-	9,387.79	9,387.79	-	137,731.21	137,731.21	-	147,119.00	147,119.00	-
08/01/2036	34,872	9,387.79	44,259.79	155,128	137,731.21	292,859.21	190,000	147,119.00	337,119.00	484,238.00
02/01/2037	-	8,782.76	8,782.76	-	135,039.74	135,039.74	-	143,822.50	143,822.50	-
08/01/2037	36,146	8,782.76	44,928.76	138,854	135,039.74	273,893.74	175,000	143,822.50	318,822.50	462,645.00
02/01/2038	-	8,114.06	8,114.06	-	132,470.94	132,470.94	-	140,585.00	140,585.00	-
08/01/2038	37,545	8,114.06	45,659.06	142,455	132,470.94	274,925.94	180,000	140,585.00	320,585.00	461,170.00
02/01/2039	-	7,383.81	7,383.81	-	129,700.19	129,700.19	-	137,084.00	137,084.00	-
08/01/2039	39,064	7,383.81	46,447.81	145,936	129,700.19	275,636.19	185,000	137,084.00	322,084.00	459,168.00
02/01/2040	-	6,594.71	6,594.71	-	126,752.29	126,752.29	-	133,347.00	133,347.00	-
08/01/2040	40,679	6,594.71	47,273.71	159,321	126,752.29	286,073.29	200,000	133,347.00	333,347.00	466,694.00
02/01/2041	-	5,768.93	5,768.93	-	123,518.07	123,518.07	-	129,287.00	129,287.00	-
08/01/2041	42,384	5,768.93	48,152.93	162,616	123,518.07	286,134.07	205,000	129,287.00	334,287.00	463,574.00
02/01/2042	-	4,889.46	4,889.46	-	120,143.79	120,143.79	-	125,033.25	125,033.25	-
08/01/2042	44,196	4,889.46	49,085.46	1,150,804	120,143.79	1,270,947.79	1,195,000	125,033.25	1,320,033.25	1,445,066.50
02/01/2043	-	3,956.93	3,956.93	-	95,861.82	95,861.82	-	99,818.75	99,818.75	-
08/01/2043	46,113	3,956.93	50,069.93	1,198,887	95,861.82	1,294,748.82	1,245,000	99,818.75	1,344,818.75	1,444,637.50
02/01/2044	-	2,972.41	2,972.41	-	70,265.59	70,265.59	-	73,238.00	73,238.00	-
08/01/2044	48,132	2,972.41	51,104.41	1,251,868	70,265.59	1,322,133.59	1,300,000	73,238.00	1,373,238.00	1,446,476.00
02/01/2045	-	1,937.57	1,937.57	-	43,350.43	43,350.43	-	45,288.00	45,288.00	-
08/01/2045	50,253	1,937.57	52,190.57	1,309,747	43,350.43	1,353,097.43	1,360,000	45,288.00	1,405,288.00	1,450,576.00
02/01/2046	-	852.11	852.11	-	15,059.89	15,059.89	-	15,912.00	15,912.00	-
08/01/2046	38,557	852.11	39,409.11	681,443	15,059.89	696,502.89	720,000	15,912.00	735,912.00	751,824.00
Total	\$725,885	\$334,947.90	\$1,060,832.90	\$7,949,115	\$4,962,419.38	\$12,911,534.38	\$8,675,000	\$5,297,367.28	\$13,972,367.28	\$13,972,367.28

Board of Education of Caldwell County, Kentucky
General Obligation Bonds, Series 2026

ESTIMATED DISTRICT TOTAL DEBT SERVICE REQUIREMENTS

Series of 2026					
Fiscal Year Ending 6/30	Existing Debt Service	Principal	Interest	Total P+I	New Total Debt Service
2027	\$1,205,252	-	\$160,920	\$160,920	\$1,366,172
2028	1,208,733	\$163,677	317,803	481,480	1,690,213
2029	1,205,961	172,929	313,088	486,017	1,691,978
2030	1,206,920	177,134	308,020	485,154	1,692,074
2031	1,209,496	181,289	302,670	483,959	1,693,455
2032	1,209,231	185,398	297,068	482,466	1,691,697
2033	1,209,431	134,455	292,066	426,521	1,635,952
2034	1,208,250	138,460	287,692	426,152	1,634,402
2035	1,205,702	147,411	283,016	430,427	1,636,129
2036	1,206,028	151,303	278,019	429,322	1,635,350
2037	1,205,079	155,128	272,771	427,899	1,632,978
2038	1,205,965	138,854	267,511	406,365	1,612,330
2039	1,208,044	142,455	262,171	404,626	1,612,670
2040	1,210,044	145,936	256,452	402,388	1,612,432
2041	1,205,242	159,321	250,270	409,591	1,614,833
2042	1,208,844	162,616	243,662	406,278	1,615,122
2043	-	1,150,804	216,006	1,366,810	1,366,810
2044	-	1,198,887	166,127	1,365,014	1,365,014
2045	-	1,251,868	113,616	1,365,484	1,365,484
2046	-	1,309,747	58,410	1,368,157	1,368,157
2047	-	681,443	15,060	696,503	696,503
Total	\$19,318,222	\$7,949,115	\$4,962,419	\$12,911,534	\$32,229,756

APPENDIX E

CALDWELL COUNTY SCHOOL DISTRICT

Audited Financial Statements for the Year Ended June 30, 2025

CALDWELL COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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**CALDWELL COUNTY SCHOOL DISTRICT
JUNE 30, 2025**

BOARD OF EDUCATION

Timothy Kennaday, Chairman
Jamie Bates, Member
Stacy Brantley, Member
Kim Cook, Member
Anna Ray, Member

ADMINISTRATIVE STAFF

Jeremy Roach, Superintendent
Tammy Easley, Finance Officer

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA

TAYLOR MATHIS, CPA



DGA, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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RUSSELLVILLE, KY 42276
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INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Caldwell County School District
Princeton, 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 Caldwell County School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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 *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Caldwell County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and other information 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, the schedule of expenditures of federal awards, and other information 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 December 9, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caldwell County School District's internal control over financial reporting and compliance.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

December 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

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

FINANCIAL HIGHLIGHTS

- The ending cash and investments balance for the District was \$9.3M in 2025 and \$9.5M in 2024.
- In total, net position increased \$2.7M. The net position of governmental activities increased \$2.6M, while the net position of business-type activities increased \$78K. Total assets were \$44.1M at June 30, 2025 compared to \$44.3M at June 30, 2024 and total liabilities were \$25M at June 30, 2025 compared to \$27.6M at June 30, 2024.
- Total revenues were \$28.4M for the year. General revenues accounted for \$21.6M, 76.23% of the total, while program specific revenues in the form of charges for services and sales, grant and contributions accounted for \$6.7M or 23.77% of total revenues. The District incurred \$25.7M in total expenses.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

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

- Governmental activities – All the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of the activities.
- Business-type activities – These include operations that are financed and operated similarly to private businesses, such as the School Food Service and Day Care. Charges for services and federal reimbursements fund these activities.

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

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

The District has three kinds of funds:

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

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets plus deferred outflows of resources were greater than liabilities plus deferred inflows of resources by \$17.3M at the close of the most recent fiscal year.

The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions to District employees, not the District. A significant portion of the District’s net position, \$18.3M, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District’s net position of \$1.6M represents resources subject to external restrictions on how they may be used.

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

Following is a summary of the District’s government-wide net position as of June 30, 2025 and 2024:

Net Position

	Governmental Activities		Business-type Activities		District Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current						
and other assets	\$ 9,190,528	\$ 9,411,597	\$ 426,045	\$ 519,504	\$ 9,616,573	\$ 9,931,101
Capital assets	34,037,035	33,920,295	488,508	419,709	34,525,543	34,340,004
Total assets	43,227,563	43,331,892	914,553	939,213	44,142,116	44,271,105
Deferred outflows of resources	3,028,671	3,935,718	135,361	229,530	3,164,032	4,165,248
LIABILITIES						
Current liabilities	779,144	1,476,323	12,207	-	791,351	1,476,323
Long-term debt	23,627,172	25,410,539	596,830	708,497	24,224,002	26,119,036
Total liabilities	24,406,316	26,886,862	609,037	708,497	25,015,353	27,595,359
Deferred inflows of resources	4,642,852	5,753,138	342,613	471,060	4,985,465	6,224,198
NET POSITION						
Investment in capital assets, net of related debt	17,877,157	16,985,886	488,508	419,709	18,365,665	17,405,595
Restricted	1,655,059	1,620,107	-	-	1,655,059	1,620,107
Unrestricted	(2,325,150)	(3,978,383)	(369,311)	(430,523)	(2,694,461)	(4,408,906)
Total net position	\$ 17,207,066	\$ 14,627,610	\$ 119,197	\$ (10,814)	\$ 17,326,263	\$ 14,616,796

The net pension liability (NPL) and the other postemployment benefits (OPEB) are the largest liabilities reported by the District as of June 30, 2025. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

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

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

Following is a summary of schedule of changes in the District’s net position for the fiscal years ended June 30, 2025 and 2024:

Changes in Net Position

	Governmental Activities		Business-type Activities		District Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues						
Operating grants and contributions	\$ 5,160,460	\$ 8,845,452	\$ 1,523,140	\$ 1,356,225	\$ 6,683,600	\$ 10,201,677
Charges for services	-	-	58,937	60,174	58,937	60,174
General revenues						
Property taxes	3,115,910	2,181,521	-	-	3,115,910	2,181,521
Other taxes	2,112,270	1,961,585	-	-	2,112,270	1,961,585
Investment earnings	402,642	651,192	21,370	31,882	424,012	683,074
State aid	14,984,797	14,254,858	232,118	164,109	15,216,915	14,418,967
Other local revenues	758,436	1,376,579	-	-	758,436	1,376,579
Other	-	11,000	-	-	-	11,000
Total revenues	<u>26,534,515</u>	<u>29,282,187</u>	<u>1,835,565</u>	<u>1,612,390</u>	<u>28,370,080</u>	<u>30,894,577</u>
EXPENSES						
Instruction	12,384,879	12,147,648	-	-	12,384,879	12,147,648
Support services						
Student	1,130,435	777,405	-	-	1,130,435	777,405
Instructional staff	709,263	693,413	-	-	709,263	693,413
District administration	794,410	655,427	-	-	794,410	655,427
School administration	1,338,906	1,303,262	-	-	1,338,906	1,303,262
Business	539,228	555,513	-	-	539,228	555,513
Plant operations and maintenance	4,140,570	3,382,022	-	-	4,140,570	3,382,022
Building improvements	251,537	233,207	-	-	251,537	233,207
Student transportation	1,836,643	1,216,486	-	-	1,836,643	1,216,486
Community service activities	223,241	219,887	-	-	223,241	219,887
Food service operations	25,000	-	-	-	25,000	-
Interest on long-term debt	580,947	592,309	-	-	580,947	592,309
Food service	-	-	1,705,554	1,501,336	1,705,554	1,501,336
Land site acquisition	-	115,896	-	-	-	115,896
Total expenses	<u>23,955,059</u>	<u>21,892,475</u>	<u>1,705,554</u>	<u>1,501,336</u>	<u>25,660,613</u>	<u>23,393,811</u>
Increase (decrease) in net position	<u>\$ 2,579,456</u>	<u>\$ 7,389,712</u>	<u>\$ 130,011</u>	<u>\$ 111,054</u>	<u>\$ 2,709,467</u>	<u>\$ 7,500,766</u>

The net position of the District’s governmental activities increased by \$2.6M. Net position reflects a positive balance of \$17.3M. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$8.5M, an increase of \$474K in comparison with the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements as of June 30, 2025 and 2024.

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

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

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

Governmental Funds	2025	2024	Increase (Decrease)
General Fund	\$ 6,590,882	\$ 6,130,702	\$ 460,180
FSPK	591,049	601,565	(10,516)
District Activity Fund	16,982	14,565	2,417
Construction Fund	963,947	918,479	45,468
Student Activity Fund	325,023	348,531	(23,508)
Debt Service Fund	63	63	-
Total governmental funds	<u>\$ 8,487,946</u>	<u>\$ 8,013,905</u>	<u>\$ 474,041</u>

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5.9M, while total fund balance was \$6.6M. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 31.77% of total General Fund expenditures, while total fund balance represents 35.36% of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by \$460K.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement/encumbrance basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of \$3.4M or 14.76%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by the KDE.

Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2025, net of interfund transfers and beginning balances, were \$18.4M compared to the total budgeted revenues of \$17.4M.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2025, net of interfund transfers, were \$18.6M compared to the total budgeted expenditures of \$23.5M.
- The fund balance at the end of the 2025 fiscal year for all Governmental Funds was \$8.5M compared to \$8M in the prior year.

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

Significant Board action that impacts the District’s finances includes the award of multiple contracts.

Special Revenue Fund (Fund 2) is made up of state, local and federal grants. These grants include Title I, No Child Left Behind funding, Preschool, Special Education funding and others. These funds have restricted use, according to the guidelines for each. Expenditures include salaries and benefits, supplies and transportation.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The State contributes to Fund 310.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2025, the District had \$34.5M invested in capital assets net of depreciation: historical costs totaled \$62.0M with accumulated depreciation totaling \$27.5M. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Expenditures for acquisitions and improvements during the year totaled \$1.6M. Depreciation charged to expense during the year totaled \$1.5M, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 4 to the financial statements.

Following is a summary of capital assets, net of depreciation, as of June 30, 2025 and 2024:

Net Capital Assets

	Governmental Activities		Business-type Activities		District Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 312,306	\$ 312,306	\$ -	\$ -	\$ 312,306	\$ 312,306
Land improvements	40,573	49,962	-	-	40,573	49,962
Construction in progress	14,346,378	13,262,754	-	-	14,346,378	13,262,754
Buildings and improvements	16,292,361	17,190,320	336,397	336,397	16,628,758	17,526,717
Technology equipment	2,011	2,011	-	-	2,011	2,011
General equipment	436,046	201,599	-	-	436,046	201,599
Vehicles	2,607,360	2,901,343	-	-	2,607,360	2,901,343
Food service equipment	-	-	152,111	83,312	152,111	83,312
Total	\$ 34,037,035	\$ 33,920,295	\$ 488,508	\$ 419,709	\$ 34,525,543	\$ 34,340,004

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2025 were \$16.3M. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements described in Note 5. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$1.2M of the bonds leaving the District to pay \$15.1M.

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

More detailed information about the District’s long-term liabilities may be found in Note 5 to the financial statements.

**CALDWELL COUNTY SCHOOL DISTRICT – PRINCETON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding.

The District’s financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District’s Board management. The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation and seeking new sources of revenues through grant writing, etc.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Superintendent or District finance personnel at (270) 365-8000 or P. O. Box 229, Princeton, Kentucky 42445.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,803,605	\$ 415,661	\$ 9,219,266
Investments	100,000	-	100,000
Accounts receivable			
Taxes	105,829	-	105,829
Other	14,000	-	14,000
Intergovernmental - indirect federal	166,362	-	166,362
Inventories	-	10,384	10,384
Restricted cash and cash equivalents	732	-	732
Capital assets			
Non-depreciable	14,658,684	-	14,658,684
Depreciable (net)	19,378,351	488,508	19,866,859
Net OPEB asset	-	20,933	20,933
Total assets	<u>43,227,563</u>	<u>935,486</u>	<u>44,163,049</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	58,458	-	58,458
OPEB related	1,698,290	56,237	1,754,527
Pension related	1,271,923	79,124	1,351,047
Total deferred outflows of resources	<u>3,028,671</u>	<u>135,361</u>	<u>3,164,032</u>
LIABILITIES			
Accounts payable	89,368	6,358	95,726
Restricted sick leave payable	-	5,849	5,849
Unearned revenue	612,482	-	612,482
Accrued interest	77,294	-	77,294
Long-term obligations			
Portion due or payable within one year			
Financed purchases	10,000	-	10,000
Bonds payable	784,531	-	784,531
Compensated absences	3,595	-	3,595
Portion due or payable after one year			
Financed purchases	20,000	-	20,000
Bonds payable	15,375,347	-	15,375,347
Compensated absences	183,856	25,702	209,558
Net OPEB liability	2,069,418	-	2,069,418
Net pension liability	5,180,425	571,128	5,751,553
Total liabilities	<u>24,406,316</u>	<u>609,037</u>	<u>25,015,353</u>

Continued

CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2025

	Governmental Activities	Business- type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB related	3,506,779	195,194	3,701,973
Pension related	1,136,073	147,419	1,283,493
Total deferred inflows of resources	<u>4,642,852</u>	<u>342,613</u>	<u>4,985,465</u>
NET POSITION			
Net investment in capital assets	17,877,157	488,508	18,365,665
Restricted	1,655,059	-	1,655,059
Unrestricted	<u>(2,325,150)</u>	<u>(369,311)</u>	<u>(2,694,461)</u>
Total net position	<u><u>\$17,207,066</u></u>	<u><u>\$ 119,197</u></u>	<u><u>\$17,326,263</u></u>

See accompanying notes to financial statement

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Net (Expenses) Revenues
Governmental Activities							
Instruction	\$ 12,384,879	\$ -	\$ 5,023,202	\$ -	\$ (7,361,677)	\$ -	\$ (7,361,677)
Support services							
Student	1,130,435	-	-	-	(1,130,435)	-	(1,130,435)
Instructional staff	709,263	-	-	-	(709,263)	-	(709,263)
District administration	794,410	-	-	-	(794,410)	-	(794,410)
School administration	1,338,906	-	-	-	(1,338,906)	-	(1,338,906)
Business	539,228	-	-	-	(539,228)	-	(539,228)
Plant operations and maintenance	4,140,570	-	-	-	(4,140,570)	-	(4,140,570)
Building improvements	251,537	-	-	-	(251,537)	-	(251,537)
Student transportation	1,836,643	-	-	-	(1,836,643)	-	(1,836,643)
Community service activities	223,241	-	-	-	(223,241)	-	(223,241)
Food service operations	25,000	-	-	-	(25,000)	-	(25,000)
Interest on long-term debt	580,947	-	-	137,258	(443,689)	-	(443,689)
Total governmental activities	<u>23,955,059</u>	<u>-</u>	<u>5,023,202</u>	<u>137,258</u>	<u>(18,794,599)</u>	<u>-</u>	<u>(18,794,599)</u>
Business-type Activities							
Food service	1,705,554	58,937	1,523,140	-	-	(123,477)	(123,477)
Day care	-	-	-	-	-	-	-
Total business-type activities	<u>1,705,554</u>	<u>58,937</u>	<u>1,523,140</u>	<u>-</u>	<u>-</u>	<u>(123,477)</u>	<u>(123,477)</u>
Total activities	<u>\$ 25,660,613</u>	<u>\$ 58,937</u>	<u>\$ 6,546,342</u>	<u>\$ 137,258</u>	<u>(18,794,599)</u>	<u>(123,477)</u>	<u>(18,918,076)</u>

Continued

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2025**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Net Revenues (Expenses)	(18,794,599)	(123,477)	(18,918,076)
General Revenues			
Taxes			
Property	3,115,910	-	3,115,910
Motor vehicle	841,571	-	841,571
Utilities	1,077,162	-	1,077,162
Other	193,537	-	193,537
Investment earnings	402,642	21,370	424,012
Student activities	483,165	-	483,165
Other local revenue	275,271	-	275,271
State aid - formula grants	14,984,797	232,118	15,216,915
Total general revenues	21,374,055	253,488	21,627,543
Change in net position	2,579,456	130,011	2,709,467
Net position, beginning of year	14,627,610	(10,814)	14,616,796
Net position, end of year	<u>\$ 17,207,066</u>	<u>\$ 119,197</u>	<u>\$ 17,326,263</u>

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**CALDWELL COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Special Revenue	Construction Fund	Nonmajor Governmental	Total
ASSETS					
Cash and cash equivalents	\$ 6,439,931	\$ 446,450	\$ 984,107	\$ 933,117	\$ 8,803,605
Investments	100,000	-	-	-	100,000
Accounts receivable					
Taxes	105,829	-	-	-	105,829
Accounts	-	14,000	-	-	14,000
Intergovernmental	-	166,362	-	-	166,362
Total assets	<u>\$ 6,645,760</u>	<u>\$ 626,812</u>	<u>\$ 984,107</u>	<u>\$ 933,117</u>	<u>\$ 9,189,796</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 54,878	\$ 14,330	\$ 20,160	\$ -	\$ 89,368
Unearned revenue	-	612,482	-	-	612,482
Total liabilities	<u>54,878</u>	<u>626,812</u>	<u>20,160</u>	<u>-</u>	<u>701,850</u>
Fund balances					
Restricted	100,000	-	963,947	591,112	1,655,059
Committed	490,552	-	-	-	490,552
Assigned	78,313	-	-	342,005	420,318
Unassigned	5,922,017	-	-	-	5,922,017
Total fund balances	<u>6,590,882</u>	<u>-</u>	<u>963,947</u>	<u>933,117</u>	<u>8,487,946</u>
Total liabilities and fund balances	<u>\$ 6,645,760</u>	<u>\$ 626,812</u>	<u>\$ 984,107</u>	<u>\$ 933,117</u>	<u>\$ 9,189,796</u>

See accompanying notes to financial statements

**CALDWELL 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	8,487,946
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$60,924,139 and the accumulated depreciation is \$26,887,104	34,037,035
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Unamortized loss on refunding	58,458
Bond escrow funds	732

Pension and other postemployment benefit (OPEB) related items:

Deferred outflows - OPEB	1,698,290
Deferred outflows - pension	1,271,923
Deferred inflows - OPEB	(3,506,779)
Deferred inflows - pension	(1,136,073)
Net OPEB liability	(2,069,418)
Net pension liability	(5,180,425)

Long-term liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Bond obligations (net of discounts/premiums)	(16,159,878)
Financed purchases	(30,000)
Accrued interest on bonds	(77,294)
Compensated absences	(187,451)

Net position for governmental activities	\$ 17,207,066
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See accompanying notes to financial statements

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
REVENUES					
From local sources					
Taxes					
Property	\$ 2,258,347	\$ -	\$ -	\$ 857,563	\$ 3,115,910
Motor vehicle	841,571	-	-	-	841,571
Utilities	1,077,162	-	-	-	1,077,162
Other	193,537	-	-	-	193,537
Investment earnings	376,292	7,512	18,838	-	402,642
Other local revenues	36,357	122,183	-	116,731	275,271
Student activities	-	-	-	483,165	483,165
Intergovernmental - state	13,587,343	1,346,239	-	1,460,421	16,394,003
Intergovernmental - federal	-	3,751,254	-	-	3,751,254
	<u>18,370,609</u>	<u>5,227,188</u>	<u>18,838</u>	<u>2,917,880</u>	<u>26,534,515</u>
Total revenues					

Continued

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

	General	Special Revenue	Construction Fund	Nonmajor Governmental	Total
EXPENDITURES					
Current					
Instruction	9,836,859	3,291,497	-	424,825	13,553,181
Support services					
Student	1,040,555	89,880	-	-	1,130,435
Instructional staff	693,091	2,088	-	14,084	709,263
District administration	794,410	-	-	-	794,410
School administration	1,338,906	-	-	-	1,338,906
Business	539,082	-	-	-	539,082
Building improvements	-	-	1,296,284	170,614	1,466,898
Plant operations and maintenance	2,956,104	440,694	-	105	3,396,903
Student transportation	1,442,714	82,669	-	11,359	1,536,742
Community service activities	-	223,241	-	-	223,241
Food service operations	-	25,000	-	-	25,000
Debt service	-	-	-	1,346,413	1,346,413
Total expenditures	<u>18,641,721</u>	<u>4,155,069</u>	<u>1,296,284</u>	<u>1,967,400</u>	<u>26,060,474</u>

Continued

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Excess (deficit) of revenues over (under) expenditures	<u>(271,112)</u>	<u>1,072,119</u>	<u>(1,277,446)</u>	<u>950,480</u>	<u>474,041</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	764,786	33,494	1,322,914	1,209,155	3,330,349
Transfers (out)	<u>(33,494)</u>	<u>(1,105,613)</u>	<u>-</u>	<u>(2,191,242)</u>	<u>(3,330,349)</u>
Total other financing sources (uses)	<u>731,292</u>	<u>(1,072,119)</u>	<u>1,322,914</u>	<u>(982,087)</u>	<u>-</u>
Net changes in fund balances	460,180	-	45,468	(31,607)	474,041
Fund balances, beginning of year	<u>6,130,702</u>	<u>-</u>	<u>918,479</u>	<u>964,724</u>	<u>8,013,905</u>
Fund balances, end of year	<u><u>\$ 6,590,882</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 963,947</u></u>	<u><u>\$ 933,117</u></u>	<u><u>\$ 8,487,946</u></u>

See accompanying notes to financial statements

**CALDWELL COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net change in total governmental fund balances per fund financial statements	\$ 474,041
Adjustments to reconcile to the change in net position of governmental activities:	
Capital-related items:	
Capital outlay	1,598,055
Depreciation expense	(1,481,315)
Long-term debt activity:	
Bond principal payments	790,000
Financed purchases payments	10,000
Amortization of bond discounts/premiums	(15,469)
Gain on debt refunding	(11,134)
Interest Payable	2,069
Pension and OPEB items:	
OPEB expense	727,461
Pension expense	396,496
Other long-term items:	
Compensated absences	<u>89,252</u>
Change in net position of governmental activities	<u><u>\$ 2,579,456</u></u>

See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	School Food Service	Day Care	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 367,856	\$ 47,805	\$ 415,661
Inventory	10,384	-	10,384
Total current assets	378,240	47,805	426,045
Noncurrent assets			
Capital assets, net of accumulated depreciation	488,508	-	488,508
Net OPEB asset	20,933	-	20,933
Total noncurrent assets	509,441	-	509,441
Total assets	887,681	47,805	935,486
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	56,237	-	56,237
Pension related	79,124	-	79,124
Total deferred outflows of resources	135,361	-	135,361

Continued

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS, continued
JUNE 30, 2025**

	School Food Service	Day Care	Total
LIABILITIES			
Current liabilities			
Accounts payable	6,358	-	6,358
Compensated absences	5,849	-	5,849
Total current liabilities	12,207	-	12,207
Long-term liabilities			
Compensated absences	25,702	-	25,702
Net pension liability	571,128	-	571,128
Total long-term liabilities	596,830	-	596,830
Total liabilities	609,037	-	609,037
DEFERRED INFLOWS OF RESOURCES			
OPEB related	195,194	-	195,194
Pension related	147,419	-	147,419
Total deferred inflows of resources	342,613	-	342,613
NET POSITION			
Net investment in capital assets	488,508	-	488,508
Unrestricted	(417,116)	47,805	(369,311)
Total net position	\$ 71,392	\$ 47,805	\$ 119,197

See accompanying notes to financial statements

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	School Food Service	Day Care	Total
OPERATING REVENUES			
Lunchroom sales	\$ 58,937	\$ -	\$ 58,937
Total operating revenues	58,937	-	58,937
OPERATING EXPENSES			
Salaries, wages and benefits	666,750	-	666,750
Contract services	35,315	-	35,315
Materials and supplies	992,286	-	992,286
Depreciation	9,058	-	9,058
Other	2,145	-	2,145
Total operating expenses	1,705,554	-	1,705,554
Operating income (loss)	(1,646,617)	-	(1,646,617)
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	1,415,599	-	1,415,599
Donated commodities	107,541	-	107,541
State grants	53,353	-	53,353
State on-behalf payments	178,765	-	178,765
Interest income	21,370	-	21,370
Total non-operating revenues (expenses)	1,776,628	-	1,776,628
Change in net position	130,011	-	130,011
Net position, beginning of year	(58,619)	47,805	(10,814)
Net position, end of year	\$ 71,392	\$ 47,805	\$ 119,197

See accompanying notes to financial statements

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	School Food Service	Day Care	Total
Cash flows from operating activities			
Cash received from			
Lunchroom sales	\$ 58,937	\$ -	\$ 58,937
Cash paid to/for			
Employees	(649,014)	-	(649,014)
Supplies	(879,944)	-	(879,944)
Contract services	(37,460)	-	(37,460)
Net cash provided (used) by operating activities	(1,507,481)	-	(1,507,481)
Cash flows from noncapital financing activities			
Government grants	1,468,952	-	1,468,952
Net cash provided (used) by noncapital financing activities	1,468,952	-	1,468,952
Cash flows from investing activities			
Purchase of fixed assets	(77,857)	-	(77,857)
Receipt of interest income	21,370	-	21,370
Net cash provided (used) by investing activities	(56,487)	-	(56,487)
Net increase (decrease) in cash and cash equivalents	(95,016)	-	(95,016)
Cash and cash equivalents, beginning of year	462,872	47,805	510,677
Cash and cash equivalents, end of year	<u>\$ 367,856</u>	<u>\$ 47,805</u>	<u>\$ 415,661</u>

Continued

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>School Food Service</u>	<u>Day Care</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (1,646,617)	\$ -	\$ (1,646,617)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	9,058	-	9,058
Donated commodities	107,541	-	107,541
State on-behalf payments	178,765	-	178,765
Change in assets and liabilities			
Inventory	(1,557)	-	(1,557)
Accounts payable	6,358	-	6,358
Accrued sick leave	9,727	-	9,727
OPEB	(113,743)	-	(113,743)
Pension	(57,013)	-	(57,013)
Net cash provided (used) by operating activities	<u><u>\$ (1,507,481)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,507,481)</u></u>
Schedule of non-cash transactions			
Donated commodities received from federal government	\$ 107,541	\$ -	\$ 107,541
On-behalf payments	178,765	-	178,765

See accompanying notes to financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

	Private Purpose Funds
ASSETS	
Cash and cash equivalents	\$ 244
Total assets	<u>\$ 244</u>
NET POSITION	
Net position held in trust	\$ 244
Total net position	<u>\$ 244</u>

See accompanying notes to financial statements

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	Private Purpose Trust
ADDITIONS	
Interest income	\$ -
Total additions	-
DEDUCTIONS	
Instruction	-
Total deductions	-
Change in net position	-
Net position, beginning of year	244
Net position, end of year	\$ 244

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Caldwell County Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Caldwell 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". Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

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

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements. In 1991, the Board authorized the establishment of the Caldwell County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act, KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Caldwell County Board of Education also comprise the Corporation's Board of Directors.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Accounting

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

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

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

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

The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by Accounting Procedures for School Activity Funds (Redbook) requirements. Project accounting is employed to maintain integrity for the various sources of funds.

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

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

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

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Proprietary Fund Types

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

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

The District has the following enterprise funds:

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

The *Day Care Fund* is used to account for day care operations of the District.

Fiduciary Fund Types

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Private Purpose Trust Fund – The Scholarship Fund accounts for assets held by the District under trust agreements with restrictions of income to be used to benefit individuals through scholarship awards.

Measurement Focus and Basis of Accounting

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues – Exchange and Nonexchange Transactions

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes Receivable

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

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

The property tax rates for the year ended June 30, 2025, to finance the General Fund operations were \$.446 per \$100 valuation for real property, \$.446 per \$100 valuation for business tangible personal property and \$.538 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3.00% of the gross receipts derived from furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

Inventories

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

Prepaid Expenditures

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

Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is restricted by KRS 157.420(3).

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.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of computers, digital camera and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Description	Estimated Lives for Depreciation
Buildings and improvements	20-25 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	12 years
General equipment	5-10 years

Unearned Revenue

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

Subscription-Based Information Technology Arrangements

The District reviewed its information-technology service arrangements under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Management concluded that the District does not have any subscription-based IT arrangements meeting the criteria for recognition as subscription asset and corresponding liability. Accordingly, no SBITA assets or liabilities are reported as of June 30, 2025.

CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

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

In accordance with GASB Statement No. 101, the liability includes only those benefits that are both attributable to services already rendered and more-likely-than-not to be paid.

Long-term Liabilities

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

Leases

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

Pensions and Postemployment Benefits Other than Pensions (OPEB)

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

CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

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

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

Cash Flows

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

Fund Balances

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

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

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

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Net Position

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

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

Net Position Flow Assumption

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

Interfund Activity

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

Estimates

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Subsequent Events

Subsequent events have been evaluated through December 9, 2025, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. The District's cash deposits are covered by the Federal Depositary Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. At June 30, 2025, the District's bank balance of \$10,019,547 was fully collateralized.

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

Reconciliation to Government-wide Statement of Net Position:	
Unrestricted cash, including time deposits	\$ 9,219,266
Restricted cash, including time deposits	732
Fiduciary fund cash (not included in government-wide statement)	<u>244</u>
	<u>\$ 9,220,242</u>
These amounts are reported in the financial statements, as follows:	
Governmental activities	
Cash and cash equivalents	\$ 8,803,605
Restricted cash and cash equivalents	732
Business-type activities	415,661
Fiduciary funds	<u>244</u>
	<u>\$ 9,220,242</u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – INVESTMENTS

Fair Value Measurement

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices for identical investments in active markets;
- Level 2 – Observable inputs other than quoted market prices; and
- Level 3 – Unobservable inputs

At June 30, 2025 the District had the following fair value measurements:

Certificates of Deposit	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Certificate of deposit	\$ 100,000	\$ -	\$ -
Total investments measured at fair value	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>

GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, requires the District to address the following risks related to its investments:

Credit Risk – Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations or any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The District's investment policy places no limit on the amount the District may invest in any one issuer.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>
Capital assets not depreciated				
Land	\$ 312,306	\$ -	\$ -	\$ 312,306
Construction in progress	13,262,754	1,296,285	212,661	14,346,378
Total non-depreciable historical cost	<u>13,575,060</u>	<u>1,296,285</u>	<u>212,661</u>	<u>14,658,684</u>
Capital assets depreciated				
Buildings and improvements	38,471,431	131,737	-	38,603,168
Land improvements	906,507	-	-	906,507
Technology equipment	42,304	-	-	42,304
Vehicles	5,717,585	95,314	595,833	5,217,066
General equipment	1,209,030	287,380	-	1,496,410
Total depreciable historical cost	<u>46,346,857</u>	<u>514,431</u>	<u>595,833</u>	<u>46,265,455</u>
Less: accumulated depreciation				
Buildings and improvements	21,281,111	1,029,696	-	22,310,807
Land improvements	856,545	9,389	-	865,934
Technology equipment	40,293	-	-	40,293
Vehicles	2,816,242	389,297	595,833	2,609,706
General equipment	1,007,431	52,933	-	1,060,364
Total accumulated depreciation	<u>26,001,622</u>	<u>1,481,315</u>	<u>595,833</u>	<u>26,887,104</u>
Total depreciable historical cost - net	<u>20,345,235</u>	<u>(966,884)</u>	<u>-</u>	<u>19,378,351</u>
Governmental activities capital assets - net	<u>\$ 33,920,295</u>	<u>\$ 329,401</u>	<u>\$ 212,661</u>	<u>\$ 34,037,035</u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 – CAPITAL ASSETS, continued

Construction commitments at June 30, 2025 were as follows:

<u>Project</u>	
CCES Renovation	\$ 8,151,821
Security vestibules	667,545
Athletic facility	938,783
CCPS HVAC	4,230,389
Middle School Renovation	<u>357,840</u>
	<u>\$ 14,346,378</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>	
Instruction	\$ 332,287
Support services	
Business	146
Plant operations and maintenance	753,667
Student transportation	<u>395,215</u>
Total depreciation expense	<u>\$ 1,481,315</u>

<u>Business-type Activities</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>
Capital assets depreciated				
Buildings and improvements	\$ 468,202	\$ -	\$ -	\$ 468,202
Vehicles	9,000	-	-	9,000
General equipment	<u>517,603</u>	<u>77,857</u>	<u>-</u>	<u>595,460</u>
Total depreciable historical cost	<u>994,805</u>	<u>77,857</u>	<u>-</u>	<u>1,072,662</u>
Less: accumulated depreciation				
Buildings and improvements	131,805	-	-	131,805
Vehicles	9,000	-	-	9,000
General Equipment	<u>434,291</u>	<u>9,058</u>	<u>-</u>	<u>443,349</u>
Total accumulated depreciation	<u>575,096</u>	<u>9,058</u>	<u>-</u>	<u>584,154</u>
Business-type activities capital assets - net	<u>\$ 419,709</u>	<u>\$ 68,799</u>	<u>\$ -</u>	<u>\$ 488,508</u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – LONG-TERM OBLIGATIONS

The District issues bonds to provide funds for the acquisition and construction of major capital facilities and improvements. The original amount of the issue, the dates and interest rates are summarized below:

Issue	Proceeds	Maturity Dates	Interest Rates
Issue of 2018	\$ 5,260,000	2038	2.75% - 3.75%
Issue of 2020	5,955,000	2031	0.40% - 2.00%
Issue of 2022	8,180,000	2042	3.00% - 5.00%

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

In 1986, the District entered into “participation agreements” with the School Facilities Construction Commission (SFCC). The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Year	Caldwell County School District		School Facilities Construction Commission		Total
	Principal	Interest	Principal	Interest	
2026	\$ 703,383	\$ 501,884	\$ 96,617	\$ 40,642	\$ 1,342,526
2027	716,217	489,034	98,783	38,474	1,342,508
2028	733,887	474,846	101,113	36,146	1,345,992
2029	746,336	459,622	103,664	33,594	1,343,216
2030	763,628	443,292	106,372	30,886	1,344,178
2031-2035	4,180,655	1,861,464	354,345	112,000	6,508,464
2036-2040	4,979,737	1,055,419	295,263	50,664	6,381,083
2041-2043	2,276,531	137,556	93,469	5,645	2,513,201
	<u>\$ 15,100,374</u>	<u>\$ 5,423,117</u>	<u>\$ 1,249,626</u>	<u>\$ 348,051</u>	<u>\$ 22,121,168</u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

A summary of changes in long-term liabilities for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental activities					
Bonds payable					
General obligation debt	\$ 17,140,000	\$ -	\$ 790,000	\$ 16,350,000	\$ 800,000
Premiums	28,898	-	2,222	26,676	2,222
Discounts	(234,489)	-	(17,691)	(216,798)	(17,691)
Total bonds payable	16,934,409	-	774,531	16,159,878	784,531
Other liabilities					
Financed purchases	40,000	-	10,000	30,000	10,000
Compensated absences	276,703	-	89,252	187,451	3,595
Net OPEB liability	2,416,715	-	399,287	2,017,428	-
Net pension liability	5,742,712	-	562,287	5,180,425	-
Total other liabilities	8,476,130	-	1,060,826	7,415,304	13,595
Total long-term liabilities	<u>\$ 25,410,539</u>	<u>\$ -</u>	<u>\$ 1,835,357</u>	<u>\$ 23,575,182</u>	<u>\$ 798,126</u>
Business-type activities					
Other liabilities					
Compensated absences	\$ 21,824	\$ 9,727	\$ -	\$ 31,551	\$ 5,849
Net OPEB liability	34,694	-	3,636	31,058	-
Net pension liability	651,979	-	80,851	571,128	-
Total other liabilities	<u>\$ 708,497</u>	<u>\$ 9,727</u>	<u>\$ 84,487</u>	<u>\$ 633,737</u>	<u>\$ 5,849</u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 – FINANCED PURCHASES

Leases that meet the criteria for recognition under GASB Statement No. 87 are recorded as lease liabilities with corresponding right-to-use assets. The District leases equipment pursuant to these types of leases and, as such, the cost is included with property and equipment. The related lease obligation reflects the present value of future lease payments less an interest amount implicit in the lease.

<u>Class of Property</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>
Equipment	\$ 61,500	\$ 17,425

Future minimum payments under the long-term lease obligation, together with the present value of the net minimum lease payments as of June 30, 2025 are, as follow.

	<u>Year Ending</u>	<u>Lease</u>
	2026	10,000
	2027	10,000
	2028	10,000
Total minimum payments		\$ 30,000
Less amount representing interest		<u>-</u>
Net minimum payments required		<u><u>\$ 30,000</u></u>

NOTE 7 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund for the governmental activities and the Proprietary Funds for the business-type activities. Management has estimated that the amount for governmental activities will be approximately \$187,451, with \$3,595 considered the short-term portion and \$183,856 considered the long-term portion. Management has estimated the amount for business-type activities will be approximately \$31,551, with \$5,849 considered the short-term portion and \$25,702 considered the long-term portion.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – FUND BALANCE REPORTING

Following is a summary of designations of fund balance at June 30, 2025:

	General	Special Revenue	Construction	Nonmajor Governmental	Total
Restricted					
Sick leave	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Future construction	-	-	963,947	591,049	1,554,996
Debt service	-	-	-	63	63
Committed					
Sick leave	150,000	-	-	-	150,000
Buses	340,552	-	-	-	340,552
Assigned					
Student activity	-	-	-	325,023	325,023
District activity fund	-	-	-	16,982	16,982
Site base carry forward	78,313	-	-	-	78,313
Unassigned	5,922,017	-	-	-	5,922,017
	<u>\$ 6,590,882</u>	<u>\$ -</u>	<u>\$ 963,947</u>	<u>\$ 933,117</u>	<u>\$ 8,487,946</u>

NOTE 9 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue	Transfer for KETS offer	\$ 33,494
Special Revenue	Construction	CCPS HVAC Construction	985,234
Special Revenue	Debt Service	Bond Payment	120,379
Capital Outlay	General Fund	Property Insurance & Maintenance	166,341
Building Fund	General Fund	Transfer for Repairs	598,445
Building Fund	Construction	Middle School Construction	337,680
Building Fund	Debt Service	Bond Payment	1,088,776
		Total	<u>\$ 3,330,349</u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10– ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on behalf of the District for the year ended June 30, 2025:

Health insurance	\$ 2,801,642
Life insurance	3,183
Administrative fee	25,436
Health reimbursement account - HRS/dental/vision	102,638
	<u>2,932,899</u>
Federal reimbursements of health benefits	(154,674)
	<u>2,778,225</u>
KTRS OPEB and pension	2,266,857
Technology	51,784
SFCC debt service	137,258
	<u><u>\$ 5,234,124</u></u>

The District included on-behalf payments in their budget. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental activities	
General Fund	\$ 4,918,101
Debt Service Fund	137,258
Business-type activities	
Food Service Fund	178,765
	<u><u>\$ 5,234,124</u></u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS

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

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

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

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

Contributions – Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Public Pensions Authority on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2022, plan members were required to contribute 5% of their annual creditable compensation. Plan members hired subsequent to September 1, 2008 were required to contribute 6% of their annual creditable compensation. The District is required to contribute at an actuarial determined rate. For the fiscal year ended June 30, 2025, participating employers contributed 19.71% of each employee's creditable compensation.

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

At June 30, 2025, the District reported a liability of \$5,751,553 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. For the measurement period ended June 30, 2024, the District's proportion was 0.096173%.

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

For the measurement period ended June 30, 2024, the District recognized pension expense of \$180,850. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 278,386	
Change of assumptions	-	259,857
Net differences between projected and actual earnings on pension plan investments	395,002	764,796
Changes in proportion and differences between District contributions and proportionate share of contributions	-	258,840
District contributions subsequent to the measurement date	<u>677,659</u>	<u>-</u>
Total	<u><u>\$ 1,351,047</u></u>	<u><u>\$ 1,283,493</u></u>

For the year ended June 30, 2025, \$677,659 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 of resources to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2025	\$ (427,764)
2026	42,224
2027	(142,153)
2028	(82,412)
Thereafter	<u>-</u>
Total	<u><u>\$ (610,105)</u></u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

Actuarial assumptions – For financial reporting, the actuarial valuation as of June 30, 2024 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2024 were 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 ending June 30, 2024 using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2024 and include a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2024. These assumptions are documented in the report titled "2023 Actuarial Experience Study for the Period Ending June 30, 2023." The Total Pension Liability as of June 30, 2024, is determined using these updated assumptions.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

Based on the June 30, 2022 actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions are below.

Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level percent of pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	2.00%
Investment Return:	6.50%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Long-term rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity		
Public equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Term Inflation Assumption	100%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

Discount rate – The single discount rate used to measure the total pension liability for the fiscal plan year ending June 30, 2024 was 6.50% for nonhazardous and hazardous employees. The projection of cash flows used to determine the single discount rate for each plan must include an assumption regarding actual employer contributions made each future year. Except where noted below, future contributions are projected assuming that each participating employer in each pension plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employee contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. The discount rate determination does not use a municipal bond rate.

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

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 7,414,692	\$ 5,751,553	\$ 4,371,586

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

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

Payables to the pension plan – Employer contributions related to June payrolls are remitted in July after fiscal year-end. Because these amounts were not legally due at June 30, they are not recorded as payables in either the fund or government-wide financial statements. Management considers the omission immaterial.

General Information about the Teachers' Retirement System of the State of Kentucky (TRS) Pension Plan

Plan description – Teaching-certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) — a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the 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 and, therefore, is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <http://trs.ky.gov/financial-reports-information/>.

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

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

Participants who retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2.00% (service prior to July 1, 1983) and 2.50% (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2.00% of their final average salary for each year of service if, upon retirement, their total service was less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.50% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.50% to 3.00% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

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

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

Final average salary is defined as the member's five (5) highest salaries for those with less than 27 years of service. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

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

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

At June 30, 2025, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

Certified employees are covered by the Teachers' Retirement System of Kentucky under a special funding situation whereby the Commonwealth of Kentucky is legally responsible for employer contributions. Accordingly, the District's proportion of collective net pension liability for TRS is 0.000%, and related on-behalf payments are disclosed in Note 10.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

District's proportionate share of the KTRS net pension liability associated with the District	\$ -
State's proportionate share of the KTRS net pension liability associated with the District	<u>\$ 31,963,339</u>
Total	<u><u>\$ 31,963,339</u></u>

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2023 to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary.

For the measurement period ended June 30, 2024, the District recognized pension expense of (\$3,908,579) and revenue of \$3,908,579 for support provided by the State in the government-wide financial statements.

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

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

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the TRS Board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSION PLANS, continued

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

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

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

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

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

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement that do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

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

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

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

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2025, required contribution was 0.00% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2025 was \$0.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

At June 30, 2025, the District reported a liability (asset) of (\$166,514) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2024, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. For the measurement period ended June 30, 2024, the District's proportion was 0.096262%.

For the measurement period ended June 30, 2024, the District recognized OPEB expense of (\$445,917).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 92,380	\$ 1,310,138
Changes of assumptions	150,882	117,493
Net difference between projected and actual earnings on OPEB plan investments	146,370	298,324
Changes in proportion and differences between District contributions and proportionate share of contributions	22,481	130,018
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 412,113</u>	<u>\$ 1,855,973</u>

For the year ended June 30, 2025, \$0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

Years Ending June 30	
2025	\$ (582,741)
2026	(440,820)
2027	(396,791)
2028	(23,508)
2029	-
Thereafter	-
Total	<u><u>\$(1,443,860)</u></u>

Actuarial assumptions – The total OPEB liability, net OPEB liability and sensitivity information in the June 30, 2024 actuarial valuation was based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2024. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2024. These assumptions are documented in the report titled "2023 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The total OPEB liability as of June 30, 2024, is determined using these updated assumptions.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Determined by the	
Actuarial Valuation as of:	June 30, 2022
Actuarial Cost Method	Entry age normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level percent of pay
Amortization Period	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Cost Trend Rates (Pre-65)	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.

The actuarial assumption used in the June 30, 2024 valuation were based on the results of an actuarial experience study by Gabriel Roeder Smith (GRS) for a five year period ending June 30, 2022.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Long-term expected rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity		
Public equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Term Inflation Assumption	100%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2025 was 5.99% for CERS Non-hazardous plans. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8 passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30 2028, for the CERS plans.

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

	1% Decrease <u>4.99%</u>	Current Discount Rate <u>5.99%</u>	1% Increase <u>6.99%</u>
District's proportionate share of net OPEB liability	\$ 225,146	\$ (166,514)	\$ (495,823)

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

	1% Decrease <u> </u>	Current Healthcare Cost Trend Rate <u> </u>	1% Increase <u> </u>
District's proportionate share of net OPEB liability	\$ (440,613)	\$ (166,514)	\$ 106,194

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

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

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

Medical Insurance Plan

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

At June 30, 2025, the District reported a liability of \$2,215,000 for its proportionate share of the net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. For the measurement period ended June 30, 2024, the District's proportion was 0.099377%.

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

District's proportionate share of net OPEB liability	\$ 2,215,000
State's proportionate share of net OPEB liability associated with the District	<u>1,973,000</u>
Total	<u><u>\$ 4,188,000</u></u>

For the measurement period ended June 30, 2024, the District recognized OPEB expense of (\$125,000) and revenue of \$73,000 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 665,000
Changes of assumptions	564,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	71,000
Changes in proportion and differences between District contributions and proportionate share of contributions	556,000	1,110,000
District contributions subsequent to the measurement date	<u>222,414</u>	<u>-</u>
Total	<u><u>\$ 1,342,414</u></u>	<u><u>\$ 1,846,000</u></u>

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$222,414 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Years Ending June 30	
2026	\$ (228,000)
2027	(87,000)
2028	(100,000)
2029	(166,000)
2030	(136,000)
Thereafter	<u>(9,000)</u>
Total	<u><u>\$ (726,000)</u></u>

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

Projected salary increases	3% - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Long-term investment rate of return	
Net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal bond index rate	3.94%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A
OPEB plan investment expense	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Care Cost Trends	
Medical Trend	6.50% for FYE 2024 decreasing to an ultimate rate of 4.5% by FYE 2031
Medicare Part B Premiums	5.92% for FYE 2024 with an ultimate rate of 4.5% by FYE 2035

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 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 TRS Board on September 20, 2021.

The remaining actuarial assumptions 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 healthcare cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward.

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

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

Discount rate – The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be depleted.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 2,943,000	\$ 2,215,000	\$ 1,612,000

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,496,000	\$ 2,215,000	\$ 3,108,000

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

Life Insurance Plan

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

At June 30, 2025, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amounts recognized by the District as its proportionate share of the OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of net OPEB liability	\$ -
State's proportionate share of net OPEB liability associated with the District	<u>45,000</u>
Total	<u><u>\$45,000</u></u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$0 and revenue of \$0 for support provided by the State in the government-wide financial statements.

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

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2022, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

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

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

Discount rate – The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF's fiduciary net position was not projected to be depleted.

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

NOTE 13 – CONTINGENCIES

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 – CONTINGENCIES, continued

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

NOTE 14 – INSURANCE AND RELATED ACTIVITIES

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

NOTE 15 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. To obtain insurance for errors and omissions and general liability coverage, the District purchases commercial insurance. The District pays an annual premium to each fund for coverage.

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

The District purchases workers' compensation insurance from Kentucky Employers Mutual Insurance.

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

NOTE 16 – COBRA

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

The General Fund extends short-term cash flow loans to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations. There were no interfund receivables and interfund payables as of June 30, 2025.

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS

Implemented

GASB Statement No. 101, *Compensated Absences* – The District adopted this standard effective July 1, 2024. The standard modifies the recognition and measurement of compensated absences. The adoption did not result in material change to the financial position or results of operations.

GASB Statement No. 102, *Certain Risk Disclosures* – Effective for fiscal years beginning after June 15, 2024. The standard requires disclosure of concentration and constraints that could impact a government's financial position or operations within 12 months of financial statement date.

Recent pronouncements

The following standards were issued but not yet effective as of June 30, 2025. The District is currently evaluating the impact of these standards.

GASB Statement No. 103, *Financial Reporting Model Improvements* – Effective for fiscal years beginning after June 15, 2025. The standard will significantly revise the presentation of governmental financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – Effective for fiscal years beginning after June 15, 2025. The District is evaluating the impact on disclosures related to infrastructure and intangible assets.

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 19 – CERTAIN RISK DISCLOSURES

GASB Statement No. 102, *Certain Risk Disclosures*, requires disclosure of concentrations and constraints that could significantly affect a government's financial position or operations within twelve months after the financial statement date. Management evaluated potential risks and identified the following:

Revenue Concentration – A substantial portion of the District's funding is dependent on state appropriations, supplemented by federal grants and local tax revenues. Because of this reliance, changes in state or federal levels could pose a significant risk to the District's financial stability and operations.

Deposit Concentration – The District maintains substantially all cash and investment balances with a single qualified public depository. All balances are insured or collateralized in accordance with KRS 41.240, and management monitors collateral coverage on an ongoing basis.

Statutory Constraints – The District's ability to increase local property-tax rates is limited by Kentucky's "4 Percent" statute and House Bill 44, which restrict revenue growth without the possibility of recall by voters. These provisions may limit future local revenue capacity.

Management is not aware of any other concentrations or constraints expected to have a material effect on the District's financial position or operations within twelve months of June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources				
Taxes				
Property	\$ 2,130,000	\$ 2,130,000	\$ 2,258,347	\$ 128,347
Motor vehicle	650,000	650,000	841,571	191,571
Utilities	900,000	900,000	1,077,162	177,162
Other	150,000	150,000	193,537	43,537
Investment earnings	250,500	250,500	376,292	125,792
Other local revenues	28,825	28,825	36,357	7,532
Intergovernmental - state	13,273,100	13,320,077	13,587,343	267,266
 Total revenues	 17,382,425	 17,429,402	 18,370,609	 941,207
 EXPENDITURES				
Current				
Instruction	10,501,620	10,504,359	9,836,859	667,500
Support services				
Student	995,955	995,955	1,040,555	(44,600)
Instructional staff	931,200	931,200	693,091	238,109
District administration	4,342,773	4,455,510	794,410	3,661,100
School administration	1,444,368	1,444,368	1,338,906	105,462
Business	601,900	601,900	539,082	62,818
Plant operations and maintenance	2,874,729	2,874,729	2,956,104	(81,375)
Student transportation	1,714,600	1,714,600	1,442,714	271,886
 Total expenditures	 23,407,145	 23,522,621	 18,641,721	 4,880,900
 Excess (deficit) of revenues over (under) expenditures	 (6,024,720)	 (6,093,219)	 (271,112)	 5,822,107
 OTHER FINANCING SOURCES (USES)				
Transfers in	264,275	264,275	764,786	500,511
Transfers (out)	(40,000)	(40,000)	(33,494)	6,506
 Total other financing sources (uses)	 224,275	 224,275	 731,292	 507,017
 Net change in fund balance	 (5,800,445)	 (5,868,944)	 460,180	 6,329,124
 Fund balance, beginning of year	 5,800,445	 5,868,944	 6,130,702	 261,758
 Fund balance, end of year	 \$ -	 \$ -	 \$ 6,590,882	 \$ 6,590,882

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
From local sources				
Investment earnings	\$ -	\$ -	\$ 7,512	\$ 7,512
Other local revenues	-	-	122,183	122,183
Intergovernmental - state	995,155	1,064,079	1,346,239	282,160
Intergovernmental - federal	1,843,232	1,876,293	3,751,254	1,874,961
Total revenues	2,838,387	2,940,372	5,227,188	2,286,816
EXPENDITURES				
Current				
Instruction	2,400,892	2,515,238	3,291,497	(776,259)
Support services				
Student	43,095	43,095	89,880	(46,785)
Instructional staff	32,090	32,090	2,088	30,002
Plant operations and maintenance	125,570	125,570	440,694	(315,124)
Student transportation	87,740	87,740	82,669	5,071
Community service activities	189,000	189,000	223,241	(34,241)
Total expenditures	2,878,387	2,992,733	4,155,069	(1,162,336)
Excess (deficit) of revenues over (under) expenditures	(40,000)	(52,361)	1,072,119	1,124,480
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	121,270	33,494	(87,776)
Transfers (out)	-	(68,909)	(1,105,613)	(1,036,704)
Total other financing sources (uses)	40,000	52,361	(1,072,119)	(1,124,480)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**CALDWELL COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2025**

NOTE 1 – BUDGETARY INFORMATION

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

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

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

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

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

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

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

The Board has the ability to amend the working budget. The working budget was amended during the year.

Expenditures exceed appropriations in the Special Revenue Fund by \$1,162,336. These over-expenditures were funded by greater than anticipated revenues in that fund.

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM**

<u>As of June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of net pension liability	0.096173%	0.099660%	0.103806%	0.100494%	0.106366%
District's proportionate share of net pension liability	\$ 5,751,553	\$ 6,394,691	\$ 7,504,150	\$ 6,407,281	\$ 8,158,184
District's covered-employee payroll	\$ 3,204,792	\$ 3,046,690	\$ 3,000,312	\$ 2,652,617	\$ 2,831,518
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	179.47%	209.89%	250.11%	241.55%	288.12%
Plan fiduciary net position as a percentage of total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%
<u>As of June 30</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of net pension liability	0.109718%	0.108146%	0.109423%	0.112120%	0.111370%
District's proportionate share of net pension liability	\$ 7,716,516	\$ 6,586,421	\$ 6,404,865	\$ 5,520,239	\$ 4,788,322
District's covered-employee payroll	\$ 2,887,120	\$ 2,775,104	\$ 2,752,807	\$ 2,745,330	\$ 2,655,677
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	267.27%	237.34%	232.67%	201.08%	180.31%
Plan fiduciary net position as a percentage of total pension liability	50.45%	54.54%	53.30%	55.50%	59.97%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM**

<u>For the year ended June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 677,659	\$ 747,997	\$ 712,926	\$ 635,166	\$ 511,955
Contributions in relation to the contractually required contribution	<u>677,659</u>	<u>747,997</u>	<u>712,926</u>	<u>635,166</u>	<u>511,955</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,438,148	\$ 3,204,792	\$ 3,046,690	\$ 3,000,312	\$ 2,652,617
Contributions as a percentage of covered-employee payroll	19.71%	23.34%	23.40%	21.17%	19.30%
<u>For the year ended June 30</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 546,483	\$ 468,291	\$ 401,835	\$ 514,232	\$ 468,352
Contributions in relation to the contractually required contribution	<u>546,483</u>	<u>468,291</u>	<u>401,835</u>	<u>514,232</u>	<u>468,352</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,831,518	\$ 2,887,120	\$ 2,775,104	\$ 2,752,807	\$ 2,745,330
Contributions as a percentage of covered-employee payroll	19.30%	16.22%	14.48%	13.95%	12.42%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Changes in benefit terms

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

2024: No changes in benefit terms.
2023: No changes in benefit terms.
2022: No changes in benefit terms.
2021: No changes in benefit terms.
2020: No changes in benefit terms.
2019: No changes in benefit terms.
2018: No changes in benefit terms.
2017: No changes in benefit terms.
2016: No changes in benefit terms.
2015: No changes in benefit terms.

Changes in assumptions

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

2024: No changes.

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

2022: No changes.

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Changes in assumptions, continued

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

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

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

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

2015: No changes in assumptions.

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM**

<u>As of June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 31,963,339	\$ 34,409,015	\$ 35,079,280	\$ 28,610,229	\$ 31,761,238
District's covered-employee payroll	\$ 8,229,867	\$ 8,495,137	\$ 8,243,245	\$ 7,902,676	\$ 7,847,463
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	60.36%	57.68%	56.41%	65.59%	58.27%
<u>As of June 30</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of net pension liability	\$ 31,574,698	\$ 29,789,710	\$ 61,768,898	\$ 71,035,375	\$ 55,622,770
District's covered-employee payroll	\$ 7,847,748	\$ 7,614,657	\$ 7,471,574	\$ 7,757,121	\$ 7,574,940
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	58.76%	59.30%	39.83%	35.22%	42.49%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
TEACHERS' RETIREMENT SYSTEM**

<u>For the year ended June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,518,624	\$ 8,229,867	\$ 8,495,137	\$ 8,243,245	\$ 7,902,676
Contributions as a percentage of covered-employee payroll	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
<u>For the year ended June 30</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,847,463	\$ 7,847,748	\$ 7,614,657	\$ 7,471,574	\$ 7,757,121
Contributions as a percentage of covered-employee payroll	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
TEACHERS' RETIREMENT SYSTEM**

Changes in benefit terms

2024: No changes in benefit terms.

2023: No changes in benefit terms.

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

Changes in assumptions

2024: No changes in assumptions

2023: No changes in assumptions

2022: No changes in assumptions

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

2020: No changes in assumptions

2019: No changes in assumptions

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

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM**

<u>As of June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of collective net OPEB liability (asset)	0.096262%	0.099656%	0.103788%	0.100470%
District's proportionate share of collective net OPEB liability (asset)	\$ (166,514)	\$ (137,591)	\$ 2,048,270	\$ 1,923,448
District's covered-employee payroll	\$ 3,204,792	\$ 3,046,690	\$ 3,000,312	\$ 2,652,617
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	-5.47%	-4.52%	68.27%	72.51%
Plan fiduciary net position as a percentage of total OPEB liability	104.89%	104.23%	60.95%	62.91%
<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.106336%	0.109688%	0.108142%	0.109423%
District's proportionate share of collective net OPEB liability	\$ 2,567,691	\$ 1,844,903	\$ 1,920,040	\$ 2,199,777
District's covered-employee payroll	\$ 2,831,518	\$ 2,887,120	\$ 2,775,104	\$ 2,752,807
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	90.68%	63.90%	69.19%	79.91%
Plan fiduciary net position as a percentage of total OPEB liability	51.67%	60.44%	57.62%	79.99%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM**

<u>For the year ended June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ -	\$ -	\$ 103,283	\$ 173,418
Contributions in relation to the contractually required contribution	-	-	103,283	173,418
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,437,875	\$ 3,204,792	\$ 3,046,690	\$ 3,000,312
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.39%	5.78%
<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 126,265	\$ 134,780	\$ 151,862	\$ 130,430
Contributions in relation to the contractually required contribution	126,265	134,780	151,862	130,430
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,652,617	\$ 2,831,518	\$ 2,887,120	\$ 2,775,104
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Notes to Schedule

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

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

Changes of Benefit Terms

2024: No changes of benefit terms.

2023: No changes of benefit terms.

2022: No changes of benefit terms.

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

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

Changes in assumptions

2024: The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for non-hazardous and 5.97% to 6.02% for the hazardous plan.

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

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Changes in assumptions, continued

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
TEACHERS' RETIREMENT SYSTEM - MEDICAL INSURANCE FUND**

<u>As of June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of collective net OPEB liability	0.099377%	0.106292%	0.150030%	0.117699%
District's proportionate share of collective net OPEB liability	\$ 2,215,000	\$ 2,589,000	\$ 3,725,000	\$ 2,525,000
State's proportionate share of collective net OPEB liability	\$ 1,973,000	\$ 2,182,000	\$ 1,224,000	\$ 3,725,000
District's covered-employee payroll	\$ 6,881,515	\$ 6,766,704	\$ 6,631,776	\$ 6,965,007
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	32.19%	38.26%	18.46%	36.25%
Plan fiduciary net position as a percentage of total OPEB liability	59.81%	52.97%	47.75%	51.74%
<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.120737%	0.123798%	0.117971%	0.121224%
District's proportionate share of collective net OPEB liability	\$ 3,047,000	\$ 3,623,000	\$ 4,093,000	\$ 4,323,000
State's proportionate share of collective net OPEB liability	\$ 2,441,000	\$ 2,926,000	\$ 3,528,000	\$ 3,531,000
District's covered-employee payroll	\$ 7,107,058	\$ 7,192,871	\$ 7,001,411	\$ 6,923,598
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	42.87%	50.37%	58.46%	62.44%
Plan fiduciary net position as a percentage of total OPEB liability	39.05%	32.58%	25.50%	21.18%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM – MEDICAL INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ 222,414	\$ 203,415	\$ 202,691	\$ 198,947
Contributions in relation to the contractually required contribution	<u>222,414</u>	<u>203,415</u>	<u>202,691</u>	<u>198,947</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,412,275	\$ 6,881,515	\$ 6,766,704	\$ 6,631,776
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%
<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 208,948	\$ 213,210	\$ 215,800	\$ 210,144
Contributions in relation to the contractually required contribution	<u>208,948</u>	<u>213,210</u>	<u>215,800</u>	<u>210,144</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,965,007	\$ 7,107,058	\$ 7,192,871	\$ 7,001,411
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
TEACHERS' RETIREMENT SYSTEM – LIFE INSURANCE FUND**

<u>As of June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 45,000	\$ 54,000	\$ 61,000	\$ 27,000
District's covered-employee payroll	\$6,881,515	\$6,766,704	\$6,631,776	\$6,965,007
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	80.56%	76.91%	73.97%	89.15%
<u>As of June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 74,000	\$ 68,000	\$ 61,000	\$ 47,000
District's covered-employee payroll	\$7,107,058	\$7,192,871	\$7,001,411	\$6,923,598
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	71.57%	73.40%	75.00%	79.99%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM – LIFE INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$7,412,275	\$6,881,515	\$6,766,704	\$6,631,776
Contributions as a percentage of covered-employee payroll	0.000000%	0.000000%	0.000000%	0.000000%
<u>For the year ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$6,965,007	\$7,107,058	\$7,192,871	\$7,001,411
Contributions as a percentage of covered-employee payroll	0.000000%	0.000000%	0.000000%	0.000000%

See accompanying notes to the required supplementary information

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
TEACHERS' RETIREMENT SYSTEM**

Medical Insurance Fund

Changes in benefit terms

2024: No changes in benefit terms.

2023: No changes in benefit terms.

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

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

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

Changes in assumptions

2024: The health care trend rates were updated to reflect future anticipated experience.

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

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

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

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
TEACHERS' RETIREMENT SYSTEM**

Life Insurance Fund

Changes in benefit terms

2024: No changes in benefit terms.

2023: No changes in benefit terms

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

Changes in assumptions, continued

2024: The TRS 4 retirement decrements were updated to reflect future anticipated experience.

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

2022: None

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

OTHER SUPPLEMENTARY INFORMATION

**CALDWELL COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	SEEK Capital Outlay	Debt Service	District Activity	FSPK	Student Activity Fund	Total Nonmajor Governmental
ASSETS						
Cash and cash equivalents	\$ -	\$ 63	\$ 16,982	\$ 591,049	\$ 325,023	\$ 933,117
Total assets and resources	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 16,982</u>	<u>\$ 591,049</u>	<u>\$ 325,023</u>	<u>\$ 933,117</u>
FUND BALANCES						
Fund Balances						
Restricted	-	63	-	591,049	-	591,112
Assigned	-	-	16,982	-	325,023	342,005
Total fund balances	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 16,982</u>	<u>\$ 591,049</u>	<u>\$ 325,023</u>	<u>\$ 933,117</u>

**CALDWELL COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	SEEK Capital Outlay	Debt Service	District Activity	FSPK	Student Activity Fund	Total Nonmajor Governmental
REVENUES						
From local sources						
Taxes						
Property	\$ -	\$ -	\$ -	857,563	\$ -	\$ 857,563
Student activities	-	-	-	-	483,165	483,165
Other local revenues	-	-	6,411	-	110,320	116,731
Intergovernmental - state	166,341	137,258	-	1,156,822	-	1,460,421
Total revenues	166,341	137,258	6,411	2,014,385	593,485	2,917,880
EXPENDITURES						
Instruction	-	-	3,344	-	421,481	424,825
Support services						
Instructional staff	-	-	650	-	13,434	14,084
Plant operations and maintenance	-	-	-	-	105	105
Student transportation	-	-	-	-	11,359	11,359
Other non-instruction	-	-	-	-	170,614	170,614
Debt service	-	1,346,413	-	-	-	1,346,413
Total expenditures	-	1,346,413	3,994	-	616,993	1,967,400

Continued

CALDWELL COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, continued
FOR THE YEAR ENDED JUNE 30, 2025

	SEEK Capital Outlay	Debt Service	District Activity	FSPK	Student Activity Fund	Total Nonmajor Governmental
Excess (deficit) of revenues over (under) expenditures	<u>166,341</u>	<u>(1,209,155)</u>	<u>2,417</u>	<u>2,014,385</u>	<u>(23,508)</u>	<u>950,480</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,209,155	-	-	-	1,209,155
Transfers (out)	<u>(166,341)</u>	<u>-</u>	<u>-</u>	<u>(2,024,901)</u>	<u>-</u>	<u>(2,191,242)</u>
Total other financing sources (uses)	<u>(166,341)</u>	<u>1,209,155</u>	<u>-</u>	<u>(2,024,901)</u>	<u>-</u>	<u>(982,087)</u>
Net change in fund balances	-	-	2,417	(10,516)	(23,508)	(31,607)
Fund balances, beginning of year	<u>-</u>	<u>63</u>	<u>14,565</u>	<u>601,565</u>	<u>348,531</u>	<u>964,724</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ 63</u></u>	<u><u>\$ 16,982</u></u>	<u><u>\$ 591,049</u></u>	<u><u>\$ 325,023</u></u>	<u><u>\$ 933,117</u></u>

**CALDWELL COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balance July 1, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2025
Caldwell County High School	\$ 277,688	\$ 460,307	\$ 486,927	\$ 251,068	\$ -	\$ -	\$ 251,068
Caldwell County Middle School	49,146	158,176	155,771	51,551	-	-	51,551
Caldwell County Elementary School	10,888	26,321	22,237	14,972	-	-	14,972
Caldwell County Primary School	10,809	24,932	28,309	7,432	-	-	7,432
Total activity funds	<u>\$ 348,531</u>	<u>\$ 669,736</u>	<u>\$ 693,244</u>	<u>\$ 325,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,023</u>

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
CALDWELL COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balance July 1, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable	Accounts Payable	Cash Balance June 30, 2025
General	\$ 14,749	\$ 5,903	\$ 9,377	\$ 11,275	\$ -	\$ -	\$ 11,275
Guidance	-	627	627	-	-	-	-
Cashbox	-	2,800	2,800	-	-	-	-
Chromebook	40	475	515	-	-	-	-
Pepsi	28	190	217	1	-	-	1
Faculty vending	61	1,415	1,374	102	-	-	102
Academic Club	-	1,875	193	1,682	-	-	1,682
FBLA	6,305	13,501	11,313	8,493	-	-	8,493
FFA	8,638	31,538	31,081	9,095	-	-	9,095
FFA Star Farmer	30	85	115	-	-	-	-
FFA Jacket Program	1,899	-	-	1,899	-	-	1,899
FFA Travel	-	2,111	1,360	751	-	-	751
National Honor Society	529	1,109	1,501	137	-	-	137
Student Council	6,993	3,313	6,127	4,179	-	-	4,179
Agricultural	5,948	1,585	3,754	3,779	-	-	3,779
Land Labs	3,717	6,790	3,972	6,535	-	-	6,535
CNC	14,788	1,995	8,435	8,348	-	-	8,348
Art	-	1,750	1,211	539	-	-	539
National Art Honor Society	579	555	725	409	-	-	409

Continued

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
CALDWELL COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balance July 1, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable	Accounts Payable	Cash Balance June 30, 2025
Art Class Fees	70	1,780	1,850	-	-	-	-
Theatre	6,270	7,790	4,120	9,940	-	-	9,940
Winter Color Guard	467	6,731	7,142	56	-	-	56
Band	1,805	7,186	8,530	461	-	-	461
Choir	3,274	120	1,038	2,356	-	-	2,356
Business Class Fees	50	160	210	-	-	-	-
Business/Computers	653	-	548	105	-	-	105
Math Department	4,940	-	564	4,376	-	-	4,376
Math Department Class F	60	390	450	-	-	-	-
Greenhouse	21,607	13,241	13,696	21,152	-	-	21,152
Greenhouse Funding	3,751	3,356	7,107	-	-	-	-
Guitar	100	-	-	100	-	-	100
Guitar Donation	263	-	-	263	-	-	263
Science	940	820	1,760	-	-	-	-
Tiger Marketing	3,467	2,080	2,188	3,359	-	-	3,359
Athletic	53,361	108,613	128,162	33,812	-	-	33,812
State Athletic Event	1,342	9,270	3,203	7,409	-	-	7,409
CCFFAA	6,698	18,595	21,267	4,026	-	-	4,026
Baseball	6,095	13,074	10,242	8,927	-	-	8,927
Softball	9,093	4,450	10,738	2,805	-	-	2,805

Continued

**CALDWELL COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
CALDWELL COUNTY HIGH SCHOOL, continued
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balance July 1, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable	Accounts Payable	Cash Balance June 30, 2025
W KY Hoops Classic	6,027	15,575	21,022	580	-	-	580
Basketball girls	1,677	9,854	8,234	3,297	-	-	3,297
Basketball Candy	-	5,024	5,024	-	-	-	-
Basketball boys	3,075	11,591	10,060	4,606	-	-	4,606
Boys Basketball IPA	-	300	300	-	-	-	-
Boys Basketball IPA	-	2,350	2,050	300	-	-	300
Boys Golf	1,134	623	1,635	122	-	-	122
Cheer	1,479	22,063	18,648	4,894	-	-	4,894
Soccer girls	11,500	12,155	13,120	10,535	-	-	10,535
Concessions - soccer	-	10,098	10,098	-	-	-	-
Soccer boys	4,707	8,980	8,164	5,523	-	-	5,523
Track team	5,429	30,725	16,905	19,249	-	-	19,249
Track Wheelchair Donation	1,693	-	60	1,633	-	-	1,633
Tennis	2,265	6,083	5,509	2,839	-	-	2,839
Volleyball	11,401	5,216	11,499	5,118	-	-	5,118
Girls Wrestling	3,077	7,873	7,385	3,565	-	-	3,565
Boys Wrestling	-	2,525	2,525	-	-	-	-
Athletic Program	502	-	502	-	-	-	-
Concessions	-	3,768	3,767	1	-	-	1
Uniform Rotation	-	500	-	500	-	-	500
Class of 2025	11,835	1,514	13,349	-	-	-	-
Class of 2026	-	17,085	4,578	12,507	-	-	12,507
Annual	6,404	6,400	8,593	4,211	-	-	4,211
Library	49	64	113	-	-	-	-
Savings Account	889	45	-	934	-	-	934
CD 113488420	9,131	-	131	9,000	-	-	9,000
CD 2403435761	5,045	238	-	5,283	-	-	5,283
DAF Instruction	1,040	4,334	5,374	-	-	-	-
DAF Library	719	51	770	-	-	-	-
Totals	\$ 277,688	\$ 460,307	\$ 486,927	\$ 251,068	\$ -	\$ -	\$ 251,068

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
U.S. Department of Education				
Passed through State Department of Education:				
Special Education Cluster				
Special Education - Grants to States	84.027	3810002-24	\$	468,466
	84.027	3810002-23		58,698
COVID-19 Special Education - Grants to States	93.434	Direct		6,010
Special Education - Preschool Grants	84.173	3800002-24		29,074
	84.173	3800002-23		324
Total Special Education Cluster			\$	562,572
Title I Grants to Local Education Agencies	84.010	3100002-22		176,458
	84.010	3100002-23		658,831
	84.010	3100002-21		4,586
Career and Technical Education - Basic Grants to States	84.048	3710002-24		1,662
	84.048	3710002-25		20,935
Rural Education	84.358	3140002-22		1,888
		3140002-23		10,069
		3140002-24		48,499
Improving Teacher Quality State Grants	84.367	3230002-23		1,879
	84.367	3230002-22		2,076
Comprehensive Literacy Development	84.371	3220002-22		181,013
	84.371	3220002-23		241,459
Student Support and Academic - Enrichment Program	84.424	3420002-23		16,628
	84.424	3420002-24		30,758
COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act	84.425	4200002-21		72,403
	84.425U	4300005-21		34,788
	84.425	4300002-21		1,273,967
School Safety National Activities	84.184			15,661
Total U. S. Department of Education				3,356,132

Continued

CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
U.S. Department of Agriculture				
Passed through State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-25	296,182	
	10.553	7760005-24	70,321	
National School Lunch Program	10.555	7750002-25	781,681	
	10.555	7750002-24	187,756	
Fresh Fruit and Vegetable Program	10.582	7720012-25	<u>55,479</u>	
Total Child Nutrition Cluster				1,391,419
State Administrative Expenses for Child Nutrition	10.560	7700001-23	<u>4,470</u>	1,609
COVID-19 Child Nutrition Discretionary Grants Limited Availability	10.579	7840027	22,571	
		7840027S	<u>25,000</u>	47,571
Other U. S. Department of Agriculture Programs:				
Fresh Fruit and Vegetable Program	10.555	Direct	<u>70,807</u>	107,541
Total U.S. Department of Agriculture				<u>1,548,140</u>
U. S. Environmental Protection Agency				
Brownsfield Multipurpose	66.818	Direct	<u>370,122</u>	370,122
Total U.S. Environmental Protection Agency				<u>370,122</u>
Total Expenditures of Federal Awards			\$	5,274,394

See notes to Schedule of Expenditures of Federal Awards

**CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Caldwell County School District (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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – COMMODITIES

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

NOTE 6 – DUAL COMPLIANCE FRAMEWORK

The Schedule includes federal awards subject to both the pre-2024 Uniform Guidance and the revised Uniform Guidance effective October 1, 2024. Compliance requirements tested were based on the applicable version for each award.

CALDWELL COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 – RECONCILIATION OF SCHEDULE TO FINANCIAL STATEMENTS

The following is a reconciliation of the total in the Schedule of Expenditures of Federal Awards to the total federal revenue included in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and in the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds:

Total intergovernmental - federal	\$ 3,751,254
Total federal grants - SFS	1,415,599
Donated commodities	<u>107,541</u>
Total	<u>\$ 5,274,394</u>

INTERNAL CONTROL AND COMPLIANCE

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA

TAYLOR MATHIS, CPA



DGA, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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RUSSELLVILLE, KY 42276
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Kentucky State Committee
for School District Audits
Members of the Board of Education
Caldwell County School District
Princeton, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Caldwell County School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2025.

Report On Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report On Compliance and Other Matters

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

We noted certain matters that we reported to management of Caldwell County School District in a separate report dated December 9, 2025.

Purpose of this Report

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

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

December 9, 2025

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA

TAYLOR MATHIS, CPA



DGA, PSC

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Caldwell County School District
Princeton, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

December 9, 2025

**CALDWELL COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

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

Major federal programs:

Program Title	ALN
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Fresh Fruit and Vegetable Program	10.582
Title I Grants to Local Education Agencies	84.010

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

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

Findings – Financial Statement Audits

None

Findings and Questioned Costs – Major Federal Award Program Audit

None

**CALDWELL COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA

TAYLOR MATHIS, CPA



DGA, PSC

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December 9 , 2025

Kentucky State Committee
for School District Audits
Members of the Board of Education
Caldwell County School District
Princeton, Kentucky

In planning and performing our audit of the financial statements of Caldwell County School District (District) for the year ended June 30, 2025, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

The memorandum that accompanies this letter summarizes our comments and recommendations. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated December 9, 2025 contains our report on the District's internal control. This letter does not affect our report dated December 9, 2025 on the financial statements of the District.

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

We performed a follow-up on the prior year findings with the status of these findings documented on page 115 of this report.

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

Respectfully,

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**CALDWELL COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no new comments for fiscal year June 30, 2025.

**CALDWELL COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

CALDWELL COUNTY ELEMENTARY SCHOOL

- I. **Condition** – Fundraisers tested were missing or had incomplete forms F-SA-2A Fundraiser & Crowdfunding Approval and F-SA-2B Fundraiser Summary.

Recommendation – Form F-SA-2A Fundraiser & Crowdfunding Approval and form F-SA-2B Fundraiser Summary should be completed for each fundraiser.

Current Status – This finding was not repeated for June 30, 2025.

Views of Responsible Officials – Process has been reviewed with all concerning the procedures for fundraisers and will be followed according to the Redbook.

- II. **Condition** – Four accounts had no activity during the preceding 12 months and are considered inactive.

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

Current Status – This finding was not repeated for fiscal year June 30, 2025.

CALDWELL COUNTY MIDDLE SCHOOL

- I. **Condition** – 1 account with a balance at year end had no activity during the preceding 12 months and are considered inactive.

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

Current Status – This finding was not repeated for fiscal year June 30, 2025.

**CALDWELL COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

CALDWELL COUNTY HIGH SCHOOL

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

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

Current Status – This finding was not repeated for fiscal year June 30, 2025.

- II. Condition** – Form F-SA-5 wasn't completed properly or timely.

Recommendation – Form F-SA-5 Monthly Inventory Control Worksheet should be completed monthly when inventory is present to recap the flow of inventory and identify overages and shortages and Form F-SA-17 Sales from Concessions/Bookstore/Pencil Machine should be completed by a separate individual.

Current Status – This finding was repeated for fiscal years June 30, 2025, 2024, 2023 and 2022.

Views of Responsible Officials – We will meet with the coaches and parent volunteers to express the importance of completely finishing the paperwork in a properly and timely manner.

- III. Condition** – There was no indication on the deposit slip that anyone other than the treasurer had verified the deposit.

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip and verification of the daily deposit should be noted on the deposit slip

Current Status – This finding was not repeated for the fiscal year June 30, 2025.

APPENDIX F

CALDWELL COUNTY SCHOOL DISTRICT

Form of Bond Counsel Opinion

July __, 2026

Board of Education of Caldwell County, Kentucky
612 West Washington Street
Princeton, Kentucky 42445

Old National Wealth Management
One Main Street
Evansville, Indiana 47708

Re: Board of Education of Caldwell County, Kentucky General Obligation Bonds,
Series 2026.

We have acted as Bond Counsel in connection with the issuance by the Board of Education of Caldwell County, Kentucky (the "Board") as the governing body of the Caldwell County School District (the "District") of \$_____ of its Board of Education of Caldwell County, Kentucky General Obligation Bonds Series 2026 (the "Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Bonds, payable semiannually on February 1 and August 1 of each year, beginning February 1, 2027, with principal amounts falling due on August 1 of the years 2027 to 2046, inclusive. The Bonds will be issued under and in compliance with the laws of the Commonwealth of Kentucky (the "Commonwealth"), including Sections 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.191, Section 160.160 and Sections 162.010 through 162.387 of the Kentucky Revised Statutes (collectively the "Act"), and in accordance with a resolution (the "Bond Resolution" or "Resolution") adopted by the Board and the proceeds thereof will be used to pay the cost to renovate, improve and equip Caldwell County Middle School (the "Project").

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

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

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

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

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

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

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

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

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

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

APPENDIX G

CALDWELL COUNTY SCHOOL DISTRICT

Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

Re: Board of Education of Caldwell County, Kentucky General Obligation Bonds, Series 2026.

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

Section 1. In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “Commission”), the Board hereby agree to provide or cause to be provided through a designated agent (the “Agent”), if so appointed by the Board, in a timely manner, to the Electronic Municipal Market Access system (“EMMA”) at <http://www.emma.msrb.org>, audited financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) and operating data (collectively the “Annual Report”) of the District and the Board generally consistent with the information contained in Appendix A of the Official Statement used in the marketing of the Bonds. Such Annual Report will be available no later than 180 days after the end of the District's fiscal year (June 30), beginning with the fiscal year ending June 30, 2026, and each fiscal year thereafter and will be available to the Agent, EMMA and to each holder of Bonds who requests such information by written request to the Board.

Section 2. The Board hereby agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of such event, to EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds;
- (g) modifications to rights of the Bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar events of the Issuer or the Board;

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

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

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

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

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

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

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

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

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

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

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

Section 8. The Board agrees to make publicly available its Annual Report. Such information regarding the District and the Board can be obtained from the District's Finance Officer, 612 West Washington Street, Princeton, Kentucky 42445; Telephone (270) 365-8000.

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

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

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

Date: July 30, 2026.

BOARD OF EDUCATION OF CALDWELL COUNTY, KENTUCKY

By _____
Chairperson

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

By _____
Finance Officer, Caldwell County School
District

NOTICE AND OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$8,675,000* Board of Education of Caldwell County, Kentucky
General Obligation Bonds, Series 2026
Bids due by 10:30 a.m., Eastern Time ("ET"), July 9, 2026

Bid Date: July 9, 2026

Bid Time: By 10:30 a.m. ET

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

NOTICE IS HEREBY GIVEN that pursuant to the Notice of Bond Sale the Board of Education of Caldwell County, Kentucky (the "**Issuer**") as the governing body of the Caldwell County School District (the "**District**") will, on the Bid Date and by the Bid Time set out above (subject to any rescheduling as set out hereinafter under "**RIGHT TO RESCHEDULE SALE**"), receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission (the "**Commission**"), located at Kentucky School Facilities Construction Commission, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622, competitive bids for the purchase of the above-described issue, to be dated the date of original issuance and delivery (the "**Series 2026 Bonds**"). Bids for the Series 2026 Bonds must be submitted (1) by hand delivery at the office shown above; (2) by facsimile to fax number (888) 979-6152 as herein more particularly described; or (3) at the bidder's option as more particularly hereinafter described, by electronic transmission through BIDCOMP/PARITY®.

On their issuance, the Series 2026 Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("**DTC**"), New York, New York, which will act as securities depository for the Series 2026 Bonds. Purchases of beneficial interests in the Series 2026 Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any multiple of \$5,000. The Series 2026 Bonds will mature, or be subject to mandatory sinking fund redemption, as described in the Preliminary Official Statement for the Series 2026 Bonds and as hereinafter provided on the following dates and in the following principal amounts (subject to adjustment as hereinafter provided in the Issuer's sole discretion), and shall be subject to prior optional redemption as described in the Preliminary Official Statement for the Series 2026 Bonds:

* Preliminary, subject to change.

Maturity Date <u>August 1</u>	Principal <u>Amount*</u>	Maturity Date <u>August 1</u>	Principal <u>Amount*</u>
2027	\$190,000	2037	\$ 175,000
2028	200,000	2038	180,000
2029	205,000	2039	185,000
2030	210,000	2040	200,000
2031	215,000	2041	205,000
2032	165,000	2042	1,195,000
2033	170,000	2043	1,245,000
2034	180,000	2044	1,300,000
2035	185,000	2045	1,360,000
2036	190,000	2046	720,000

The Series 2026 Bonds maturing on and after August 1, 2035, are subject to redemption by the District, at its option, before maturity on and after August 1, 2034.

BID REQUIREMENTS

Bids not submitted by electronic transmission must be submitted in writing on an Official Bid Form (see attached **EXHIBIT A**), signed by the bidder or an authorized representative of the bidding syndicate, and either (i) enclosed in a sealed envelope clearly marked “Bid for Series 2026 Bonds” and hand delivered to the office specified above before the deadline for submission of bids or (ii) faxed to the attention of Ms. Kristi Russell to fax number (888) 979-6152; provided that, before the deadline for submission of bids, the bidder must have confirmed with Ms. Russell, at phone number (502) 564-5582, actual receipt by Ms. Russell of the bidder’s facsimile bid before the appointed time bids are due. The District and its officials, the Financial Advisor, Robert W. Baird & Co. Incorporated and Bond Counsel, Rubin & Hays, assume no responsibility for assuring that such bids submitted via facsimile are received before such deadline. It is the bidder’s sole responsibility, and not that of the District, to assure that any bid is submitted to and received by the District at the appointed time in accordance with the bidding conditions. No certified or bank cashier’s check will be required to accompany a bid, but the successful bidder for the Series 2026 Bonds shall be required to wire transfer, by the close of business on April 8, 2026, to Old National Wealth Management, Evansville, Indiana, for the credit of the District, an amount equal to 2.0% of the amount of Series 2026 Bonds awarded to such bidder, as a good faith deposit, which will secure the faithful performance of the terms of the bid (the “**Good Faith Deposit**”). The Good Faith Deposit will be applied (without interest) to the purchase price of the Series 2026 Bonds. If the successful bidder should fail to accept and pay for the Series 2026 Bonds when tendered for delivery and payment, the Good Faith Deposit will be retained by the District as agreed liquidated damages.

Bidders are required to bid a cash price for each maturity of the Series 2026 Bonds and a cash price of not less than 98% of the aggregate principal amount of the Series 2026 Bonds for

which a bid is submitted (excluding original issue discount, if any). Bidders shall specify the annual rate or rates of interest to be borne by the Series 2026 Bonds, which shall be in multiples of 1/8 or 1/20 of 1% but no rate shall exceed 5%. All Series 2026 Bonds of the same maturity must bear interest at a single rate to maturity. An interest rate stipulated in any year may be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates. No bid will be accepted for the purchase of less than all of the Series 2026 Bonds. On delivery of the Series 2026 Bonds, payment of the amount due must be made by the successful bidder to the order of the District in immediately available federal funds or by such other means as may be acceptable to the Director of Finance of the District. Any expense of providing immediately available funds shall be borne by the bidder.

SPECIAL BIDDERS' OPTION

Bidders shall have the option of specifying that all of the Series 2026 Bonds maturing in any two or more consecutive years as given in the above preliminary schedule (as the principal amounts thereof may be adjusted in accordance herewith) may, in lieu of maturing in each of such years, be combined to compose one or more maturities of Series 2026 Bonds ("**Term Bonds**") scheduled to mature in the latest of such years and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts determined in accordance herewith, except for the principal amount of Term Bonds scheduled in the year of maturity of the Term Bonds, which principal amount shall mature in that year. Bidders may specify one or more of such Term Bonds.

SPECIAL REQUIREMENTS FOR ELECTRONIC BIDDING

Electronic bids for the Series 2026 Bonds must be submitted through BIDCOMP/PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the i-DEAL LLC Dalcomp Division's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BIDCOMP/PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BIDCOMP/PARITY® conflict with the terms of this Notice and Official Terms and Conditions of Bond Sale, this Notice and Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of BIDCOMP/PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and the Notice and Official Terms and Conditions of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the District. The District, the Financial Advisor, and Bond Counsel shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BIDCOMP/PARITY®. The use of BIDCOMP/PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding BIDCOMP/PARITY®, potential bidders may contact BIDCOMP/PARITY®, 40 West 23rd Street, New York, New York 10010, Telephone: (800) 850-7422.

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

RIGHT TO RESCHEDULE SALE

The District reserves the right to reschedule the receipt of bids for the Series 2026 Bonds without newspaper advertising or posting notice in accordance with statutory timeframes by giving notice thereof as promptly as reasonably possible, and in any event at least 24 hours in advance of the rescheduled sale time, by the BIDCOMP/PARITY® system or Bloomberg Financial News Wire.

AWARD OF THE SERIES 2026 BONDS

The Series 2026 Bonds will be awarded to the bidder offering to purchase the Series 2026 Bonds at the lowest true interest cost ("TIC") to the District based on the preliminary maturity schedule set out above. For the purpose only of determining the TIC of Term Bonds, if any, specified by bidders as described above, such Series 2026 Bonds will be deemed to mature on August 1st in each of the years as set forth in the preliminary maturity schedule set out above. If two or more bidders offer bids at the same lowest TIC and the District wishes to award the Series 2026 Bonds, or a portion thereof as herein provided, the District shall determine by lot which bidder will be awarded such Series 2026 Bonds.

Bids will be acted on following the tabulation and verification of the bids received. The District intends to notify the successful bidder, through the Financial Advisor, of any increases or decreases in the principal amounts of the Series 2026 Bonds in the aggregate, or in the amounts of the Series 2026 Bonds maturing or subject to mandatory sinking fund redemption on any one or more dates, pursuant to this Notice and Official Terms and Conditions of Bond Sale, promptly and not later than 3:00 p.m. ET, on the sale date (unless waived by the successful bidder). Bids will be opened by the Executive Director of the Commission, Ms. Kristi Russell, or her designated representative at the time stated above and verbal confirmation of any successful bid or bids will be given as soon as possible thereafter. Formal award and approval of the successful bid or bids will be made on behalf of the District by its Director of Finance or its Superintendent by 3:00 p.m. ET, on the sale date. The decision of the District as to the award of the Series 2026 Bonds will be final.

The District reserves the right, in its sole discretion, to accept a bid or bids for an aggregate principal amount of the Series 2026 Bonds in any amount (in \$5,000 denominations) not to exceed

\$9,540,000 if the District determines the total amount of such increase in the total amount of the Series 2026 Bonds sold to be in the best interests of the District, with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2026 Bonds (or mandatory sinking fund installments for Term Bonds). The District also reserves the right to adjust the aggregate principal amount of the Series 2026 Bonds downward by any amount (in \$5,000 denominations) if the District determines the total amount of such decrease in the total amount of the Series 2026 Bonds sold to be in the best interests of the Board of Education, with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2026 Bonds (or mandatory sinking fund installments for Term Bonds). The District further reserves the right to adjust the stipulated maturities of the Series 2026 Bonds (or mandatory sinking fund installments for Term Bonds) without changing the total amount of the Series 2026 Bonds sold. In the event of any such adjustment, no rebidding will be permitted and no recalculation of bids will be made.

Among other factors the District may (but shall be under no obligation to) consider, in sizing the issue of Series 2026 Bonds or in sizing individual maturities or mandatory sinking fund installments, are promoting level debt service and other preferences of the District. The dollar amount bid for the Series 2026 Bonds by the successful bidder may be adjusted, if applicable, to reflect one or more of any adjustments made in the amortization schedule for the Series 2026 Bonds. Any bid price that is adjusted may reflect changes in the dollar amount of original issue discount or premium, if any, but will not change the per bond underwriter's discount, interest rate or reoffering price.

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

As a term of the bid and a condition to the award of the Series 2026 Bonds, each successful bidder agrees (1) to certify to the District, on behalf of the successful bidder and its syndicate or selling group, at the time of the acceptance of the bid, (a) the bona fide initial offering or reoffering prices of the Series 2026 Bonds to the Public (as described under the heading "**ISSUE PRICE CERTIFICATION**" herein); and (b) the amounts of the premium and taxes related to any municipal bond insurance policy purchased by the successful bidder in respect of the Series 2026 Bonds; (2) that the District may rely on such certifications in complying with the arbitrage provisions of the Internal Revenue Code; and (3) at closing to affirm the foregoing certifications and provide any information (within the successful bidder's knowledge) required by the District to comply with the arbitrage provisions of the Internal Revenue Code.

The Series 2026 Bonds will be issued in book-entry form, registered in the name of Cede & Co., as the nominee of DTC, all as provided in the Preliminary Official Statement.

It is anticipated that CUSIP identification numbers will be assigned to each maturity of the Series 2026 Bonds, but neither the failure to type or print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2026 Bonds in accordance with the terms of its bid. No

CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the District or any of its officers or agents because of or on account of such numbers. All expenses of typing or printing CUSIP identification numbers for the Series 2026 Bonds shall be paid by the District; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid by the purchaser.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Series 2026 Bonds.

ISSUE PRICE CERTIFICATION

The District is offering the Series 2026 Bonds for sale pursuant to the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2026 Bonds) and if competitive sale requirements are met the following provisions for the establishment of issue price will apply to the initial sale of the Series 2026 Bonds to the public (the "competitive sale requirements"):

- (1) the District has disseminated these Notice and Official Terms and Conditions of Bond Sale to potential bidders/underwriters in a manner that is reasonably designed to reach potential bidders/underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District anticipates receiving bids from one or more bidders/underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds with the understanding that in order for the competitive sale requirements to be met, the District shall receive bids from three or more underwriters or purchasers of bonds who have established industry reputations; and
- (4) the District anticipates awarding the sale of the Series 2026 Bonds to the bidder who submits a firm offer to purchase the Series 2026 Bonds at the highest price (or lowest interest cost), as set forth in these Notice and Official Terms and Conditions of Bond Sale.

The District shall take all steps that are reasonably necessary to ensure that the initial sale of the Series 2026 Bonds to the public will satisfy the competitive sale requirements.

In the event that the initial sale of the Series 2026 Bonds to the public does not satisfy the competitive sale requirements, the District has determined to treat the initial offering price to the public as of the sale date of any maturity of the Series 2026 Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The District (or the District's Financial Advisor) shall promptly advise the prospective winning bidder, prior to the time of award of the Series 2026 Bonds, which maturities

(and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Series 2026 Bonds shall be subject to the hold-the-offering-price rule.

Because the District has determined to apply the hold-the-offering-price rule to any maturity of the Series 2026 Bonds, the winning bidder shall agree, on behalf of the underwriters participating in the purchase of the Series 2026 Bonds, that the underwriters will neither offer nor sell any maturity of the Series 2026 Bonds to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Series 2026 Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District or its Financial Advisor when the underwriters have sold 10% of that maturity of the Series 2026 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2026 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2026 Bonds to the public, the agreement of each broker-dealer who is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer who is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2026 Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2026 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer who is a party to such retail distribution

agreement, as applicable, to comply with the hold-the-offering-price rule, if and for so long as directed by the winning bidder and in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Series 2026 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter who is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2026 Bonds to the public to require each broker-dealer who is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if and for so long as directed in the related pricing wires.

Sales of any Series 2026 Bonds to any person who is a related party to an underwriter shall not constitute sales to the public for purposes of these Notice and Official Terms and Conditions of Bond Sale. Further, for purposes of these Notice and Official Terms and Conditions of Bond Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person who agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2026 Bonds to the public and (B) any person who agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2026 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2026 Bonds to the public), and
- (iii) a purchaser of any of the Series 2026 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to more than 50% common ownership.

The winning bidder shall assist the District in establishing the issue price of the Series 2026 Bonds and shall execute and deliver to the District at Closing an "issue price" certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2026 Bonds, in a form agreed to by the winning bidder, the District and Bond Counsel and substantially in the form as set forth in the attached **EXHIBIT B** (Certificate of Underwriter).

FIRM BIDS

Any bid received shall be considered a firm offer for the purchase of the Series 2026 Bonds identified in these Notice and Official Terms and Conditions of Bond Sale and shall not be subject to any conditions, except as permitted hereunder. Bids shall **not** be revocable.

DELIVERY

Absent any failure of performance by the successful bidder, delivery of the Series 2026 Bonds is expected to be made at DTC in New York, New York, on or about July 30, 2026.

If any purchaser shall wrongfully fail or refuse to accept and pay for the Series 2026 Bonds purchased when tendered, as stated herein, the District shall be authorized to retain the Good Faith Deposit as agreed liquidated damages for the breach of the purchase contract.

If, before the delivery of the Series 2026 Bonds, any event should occur which adversely affects the tax-exempt status of interest on the Series 2026 Bonds, the purchaser of the Series 2026 Bonds shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Chairperson, Director of Finance, or Secretary of the Issuer, whereupon the Good Faith Deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

CONTINUING DISCLOSURE

In order to assist bidders in complying with the requirements of subsection (5) of section (b) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “**Rule**”), the Board of Education, of which the District is its agency, instrumentality, and constituted authority, will execute a Continuing Disclosure Certificate dated as of the date of original issuance of the Series 2026 Bonds (the “**Disclosure Certificate**”), setting forth the undertaking of the Board of Education to provide certain annual financial reports and notices of the occurrence of certain events. A description of this undertaking, including certain limitations thereon, is set forth in the Preliminary Official Statement under the caption “Continuing Disclosure Undertaking” (reference to which is hereby made) and will also be set forth in the final Official Statement. The Board of Education will deliver the Disclosure Certificate at the closing of the issue of Series 2026 Bonds.

BOND INSURANCE

If the successful bidder for the Series 2026 Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Series 2026 Bonds, the successful bidder does so at its own risk and expense and the obligation of the successful bidder to pay for the Series 2026 Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The District will cooperate with the successful bidder in obtaining such insurance but the District will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy and any taxes related thereto, and excluding only the fees of Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services.

LEGAL OPINION AND CLOSING DOCUMENTS

The approving legal opinion of Rubin & Hays, Bond Counsel, will be furnished without cost to the purchaser or purchasers of the Series 2026 Bonds. A summary description of the tax treatment of the Series 2026 Bonds is contained in the Preliminary Official Statement. The proposed form of legal opinion of Bond Counsel is attached as an appendix to the Preliminary Official Statement.

In addition to the Disclosure Certificate described above under “**CONTINUING DISCLOSURE**,” there will also be furnished the usual closing documents, including a certificate of the District dated the date of delivery of the Series 2026 Bonds, as to the accuracy of the information contained in the Official Statement and stating that there is no litigation pending or, to the knowledge of the District, threatened affecting the validity of the Series 2026 Bonds.

ADDITIONAL INFORMATION

This Notice and Official Terms and Conditions of Bond Sale is not a summary of the terms of the Series 2026 Bonds. Reference is hereby made to the Preliminary Official Statement for a further description of the Series 2026 Bonds and the District. Investors must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

OFFICIAL BID FORM AND OFFICIAL STATEMENT

The Official Bid Form for the Series 2026 Bonds is attached hereto as **EXHIBIT A**, and a copy of the Preliminary Official Statement relating to the Series 2026 Bonds may be obtained from the District’s Financial Advisor, Robert W. Baird & Co. Incorporated, at 500 West Jefferson Street, Louisville, Kentucky 40202, (502) 588-8476 or the Financial Advisor’s website www.rwbaird.com/public-finance/Baird-Forward-Competitive-Calendar. If for any reason the Preliminary Official Statement or this Notice and Official Terms and Conditions of Bond Sale (including **EXHIBIT A**) cannot be obtained from the website, paper copies of such document printed from computer files may be obtained from the District’s Financial Advisor.

The District deems, for purposes of Securities and Exchange Commission Rule 15c2-12, its Preliminary Official Statement relating to the Series 2026 Bonds to be final as of its date, except for information permitted by that Rule to be omitted from the Preliminary Official Statement including the following information relating to the Series 2026 Bonds: the offering prices, interest rates, selling compensation, principal amount per maturity, delivery date, any other terms or provisions to be determined by competitive bidding, ratings, other terms depending on such matters and the identity of the underwriters. The Preliminary Official Statement is subject to amendment or modification as deemed necessary by the District. The Preliminary Official Statement is subject to revision and completion in a final Official Statement.

The District will provide an electronic copy of the final Official Statement, which will be complete in all material respects up to the date of delivery of the Series 2026 Bonds, without cost

to the successful bidder for the Series 2026 Bonds, within seven business days of the award of the Series 2026 Bonds, such electronic copy to be sufficient for the successful bidder to comply with Rule 15c2-12 of the Securities and Exchange Commission and the rules of the Municipal Securities Rulemaking Board, provided that the successful bidder cooperates in providing information required to complete the final Official Statement.

By making a bid for the Series 2026 Bonds, any successful bidder agrees to (i) disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the District; (ii) promptly file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website; and (iii) take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Series 2026 Bonds to ultimate purchasers.

Dated: July 2, 2026

**BOARD OF EDUCATION OF
CALDWELL COUNTY, KENTUCKY**

By: /s/ Tammy Easley
Director of Finance

EXHIBIT A

OFFICIAL BID FORM

(Written Alternative)

July 9, 2026

(Sale time: 10:30 a.m. ET)

Board of Education of Caldwell County, Kentucky
c/o Office of Executive Director
Kentucky School Facilities Construction Commission
200 Mero Street, 5th Floor
Frankfort, Kentucky 40622
Phone: (502) 564-5582 Fax: (888) 979-6152

The undersigned submits the following offer to purchase the \$8,675,000* General Obligation Bonds, Series 2026 (the “**Series 2026 Bonds**”), to be dated the date of original issuance and delivery, of the Board of Education of Caldwell County, Kentucky as the governing body of the Caldwell County School District (the “**District**”). This bid is made subject to the Notice and Official Terms and Conditions of Bond Sale for the Series 2026 Bonds, which is incorporated herein by reference as though fully set forth herein, and to all of the terms and conditions of which the undersigned, on behalf of the undersigned and our syndicate or selling group, agrees.

The undersigned hereby offers to purchase the entire aggregate principal amount of the Series 2026 Bonds to be issued and will pay you therefor the aggregate price described below (such aggregate purchase price may not be less than \$8,501,500 or 98% of the aggregate par amount of the Series 2026 Bonds), provided the Series 2026 Bonds bear interest at the following annual rates (each rate specified must be in a multiple of 1/8 or 1/20 of 1%, may not exceed 5%, and may be less than the rate stipulated for any preceding maturity):

(Continued on the following page)

* Preliminary, subject to change as provided in the Notice and Official Terms and Conditions of Bond Sale.

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>
2027	\$190,000	____%	2037	\$175,000	____%
2028	200,000	____%	2038	180,000	____%
2029	205,000	____%	2039	185,000	____%
2030	210,000	____%	2040	200,000	____%
2031	215,000	____%	2041	205,000	____%
2032	165,000	____%	2042	1,195,000	____%
2033	170,000	____%	2043	1,245,000	____%
2034	180,000	____%	2044	1,300,000	____%
2035	185,000	____%	2045	1,360,000	____%
2036	190,000	____%	2046	720,000	____%

We understand that this bid may be accepted in any amount up to \$9,540,000 (in \$5,000 denominations) or any lesser amount (in \$5,000 denominations) if the District determines such increase or decrease in the total amount of the Series 2026 Bonds sold to be in the best interest of the District, with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2026 Bonds (or mandatory sinking fund installments for Term Bonds). We also understand that the District further reserves the right to adjust the stipulated maturities of the Series 2026 Bonds (or mandatory sinking fund installments for Term Bonds) without changing the total amount of the Series 2026 Bonds sold. The foregoing determinations shall be made by the District in its sole discretion at the time of acceptance of the best bid.

SPECIAL BIDDER'S OPTION: The undersigned hereby elects to specify that all the Series 2026 Bonds stated to be due in the following two or more consecutive years (as the principal amounts thereof may be adjusted in accordance herewith) shall be combined to compose the maturities of Term Bonds indicated below:

Principal Amounts Due		
Year		Year
_____	Through	_____
_____	Through	_____
_____	Through	_____
_____	Through	_____

In accordance with the Notice and Official Terms and Conditions of Bond Sale we agree that, if we are the successful bidder for the Series 2026 Bonds, we will wire transfer, by the close of business on July 10, 2026, to Old National Wealth Management, Evansville, Indiana, for the credit of the District, an amount equal to 2.0% of the amount of Series 2026 Bonds awarded, as a good faith deposit to secure faithful performance of the terms of our bid (the “**Good Faith Deposit**”). We understand that the Good Faith Deposit shall be applied (without interest) to the

purchase price of the Series 2026 Bonds. If the undersigned should fail to accept and pay for the Series 2026 Bonds when tendered for delivery, the Good Faith Deposit will be retained by the District as agreed liquidated damages.

If this bid is accepted and the Series 2026 Bonds are awarded to us, we will at the time of such acceptance certify to the District, on behalf of the undersigned and our syndicate or selling group, (1) the bona fide initial offering or reoffering prices of the Series 2026 Bonds in accordance with the requirements under heading “**ISSUE PRICE CERTIFICATION**” in the Notice and Official Terms and Conditions of Bond Sale for the Series 2026 Bonds and the amounts of the premium and taxes related to any municipal bond insurance policy purchased by us in respect of the Series 2026 Bonds; (2) that the District may rely on such certifications in complying with the arbitrage provisions of the Internal Revenue Code; and (3) that at closing we will affirm the foregoing certifications and provide any information (within the successful bidder’s knowledge) required by the District to comply with the arbitrage provisions of the Internal Revenue Code.

This bid is made with the understanding that the District intends to notify the successful bidder of any increases or decreases in the principal amounts of the Series 2026 Bonds in the aggregate, or in the amounts of the Series 2026 Bonds maturing or subject to mandatory sinking fund redemption on any one or more dates, pursuant to the Notice and Official Terms and Conditions of Bond Sale, promptly and not later than 3:00 p.m. ET on the sale date (unless waived by the successful bidder).

The above is our purchase offer. We submit our own computations thereof only for your information and convenience:

- | | | |
|-----|---|---------|
| [a] | Total principal and interest payments at stipulated rates
from date of Series 2026 Bonds to final maturity | \$_____ |
| [b] | Purchase price of the Series 2026 Bonds
(to include premium or discount) | \$_____ |
| [c] | True Interest Cost (TIC) | _____% |

Respectfully submitted,

Authorized Signature

Name of Bidder or Representative of
Bidding Syndicate

Address

ACCEPTED on behalf of the District by its Financial Advisor, as agent, for the final aggregate principal amount of \$_____, with maturities and/or mandatory sinking fund installments set out below, at a [an adjusted] purchase price of \$_____, this July 9, 2026.

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

*Term Bond (if applicable)

**BOARD OF EDUCATION OF CALDWELL
COUNTY, KENTUCKY,**

By: _____

Title: _____

**EXHIBIT B TO THE
NOTICE AND OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

CERTIFICATE OF UNDERWRITER

Board of Education of Caldwell County,
Kentucky
612 West Washington Street
Princeton, Kentucky 42445

Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Re: Board of Education of Caldwell County, Kentucky General Obligation Bonds, Series 2026.

_____ (the "Underwriter") is the purchaser and underwriter of the above referenced Bonds (the "Bonds") pursuant to a competitive bid process on _____, 2026 and the first day on which there is a binding contract for the Underwriter to purchase Bonds (the "Sale Date"). We understand and acknowledge that the Board of Education of Caldwell County, Kentucky as the governing body of the Caldwell County School District (the "District") is relying on the factual representations contained in this Certificate in, among other things, executing its Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds and that Rubin & Hays, as bond counsel ("Bond Counsel") are relying on the factual representations contained in this letter in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. We hereby certify as follows:

1. Reasonably Expected Initial Offering Price. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid submitted by the Underwriter to purchase the Bonds.

2. Competitive Sale. The District has advised the Underwriter that it offered the Bonds for sale pursuant to the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "Competitive Sale" for purposes of establishing the issue price of the Bonds) and that the competitive sale requirements have been met for the purposes of

satisfying the provisions of the establishment of issue price and that the District will apply the Expected Offering Prices as the issue price of the Bonds.

Note: In the event that the District receives fewer than three bids on the Bonds, the following language will replace paragraph 2 above and the paragraphs beginning with "Bidding Certifications" will be renumbered:

{2. Competitive Sale. The District has advised the Underwriter that it offered the Bonds for sale pursuant to the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (the "Issue Price Regulations", which define "Competitive Sale" for purposes of establishing the issue price of the Bonds) but that the competitive sale requirements were not met because the District did not receive bids from three or more underwriters or purchasers of bonds who have established industry reputations for underwriting new issuances of municipal bonds.

3. District to Hold-the-Offering Price Rule. The competitive sale requirements not having been satisfied, the District has determined to treat the Expected Offering Prices to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity).

4. Satisfaction of the Hold-the-Offering-Price Rule. The Underwriter certifies that it neither offered nor sold any maturity of the Bonds to any person at a price that was higher than the Expected Offering Price to the public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day, _____, 2026 after the Sale Date; or

(2) the date on which the underwriters sold at least 10% of that maturity of the Bonds to the public at a price that was no higher than the Expected Offering Price to the public.}

3. Bidding Certifications. The Underwriter was not given the opportunity to review other bids prior to submitting its bid, and the bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

4. Defined Terms.

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

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

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

5. Purchase Price. As payment for the Bonds, in accordance with your instructions we, the Underwriter, hereby pay to the District, for deposit with _____ (the "Paying Agent"), a net purchase price of \$_____ (the "Sale Proceeds") calculated as par amount of the Bonds (\$_____) plus net original issue premium (\$_____) less Underwriter's Discount (\$_____).

6. Financial Advisor. We have not sold, nor do we expect to sell, any of the Bonds to Robert W. Baird & Co. Incorporated, the Financial Advisor of the District (the "Financial Advisor"), nor, to the best of our knowledge, has the Financial Advisor been a participant with us in a syndicate or other similar account formed for the purpose of purchasing, directly or indirectly, from the District all or any portion of the Bonds.

7. Receipt of Bonds. We hereby acknowledge receipt from the District of the entire \$_____ of Bonds, in accordance with the terms of the competitive sale.

To the best of our knowledge and belief, the facts, circumstances and expectations set forth in this Certificate are true, correct, complete and reasonable and there are no other facts, circumstances or expectations, which would materially change those set forth herein. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws,

including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder.

Dated this _____, 2026.

By: _____

Name:

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)