

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 27, 2024

(2024 Series A Bonds to be sold December 5, 2024, at 11:00 EST)

(2024 Series B Bonds to be sold December 5, 2024, at 11:30 EST)

NEW ISSUES
Book-Entry-Only
Not Bank-Qualified

RATINGS: Moody's: Aa3 (enhanced)
A2 (underlying)
(See "Ratings" herein)

In the opinion of Bond Counsel for the 2024 Bonds (defined below), based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the University, and subject to the conditions and limitations set forth herein under the caption "TAX EXEMPTION," interest on the 2024 Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2024 Bonds is exempt from Kentucky income tax and the 2024 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See "TAX EXEMPTION" herein.

\$34,240,000*

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS,
2024 SERIES A

\$6,265,000*

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS REFUNDING BONDS,
2024 SERIES B

Dated: Date of delivery

Due: September 1, as shown on the inside cover page

Interest on each of the Western Kentucky University General Receipts Bonds, 2024 Series A (the "2024 Series A Bonds") and the Western Kentucky University General Receipts Refunding Bonds, 2024 Series B (the "2024 Series B Bonds" and, together with the 2024 Series A Bonds, the "2024 Bonds"), will each be payable from their dated date, on each March 1 and September 1, commencing March 1, 2025, and the 2024 Bonds mature on the dates, bear interest at the yields, and have the CUSIP numbers, as shown on the inside cover page hereof.

The 2024 Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2024 Bonds. Purchases of the 2024 Bonds will be made only in book-entry form and purchasers will not receive certificates representing their interest in the 2024 Bonds. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined herein) of the 2024 Bonds. See "THE 2024 BONDS – Book-Entry-Only System" and "APPENDIX F – BOOK-ENTRY-ONLY SYSTEM," attached hereto. The payment at maturity of principal of and semiannual interest on the 2024 Bonds will be made by U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder as more fully described herein. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as described herein.

The 2024 Bonds constitute special and limited obligations of Western Kentucky University (the "University") and do not constitute debt, liabilities, or obligations of the Commonwealth of Kentucky or a pledge of the full faith and credit of the Commonwealth of Kentucky. The 2024 Bonds constitute "obligations" under the Trust Agreement dated as of December 1, 2006, by and between the University and the Trustee, as amended and supplemented (the "Trust Agreement"), and the payment of the principal of, premium, if any, and interest on 2024 Bonds is secured by a pledge of the "General Receipts" of the University, as defined in the Trust Agreement. See "SECURITY FOR THE 2024 BONDS."

The 2024 Series A Bonds are subject to optional [and mandatory sinking fund] redemption as described in this Official Statement. The 2024 Series B Bonds are [subject to mandatory sinking fund redemption, but are] not subject to optional redemption before their respective maturities.

The 2024 Bonds are issued subject to the approval of the legality and tax-exemption thereof by Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. Delivery of the 2024 Bonds is expected on December 19, 2024, in New York, New York, through the facilities of DTC.

BAIRD
Municipal Advisor

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

\$34,240,000*
WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS,
2024 SERIES A

Maturity	Amount*	Interest Rate	Price	Yield	CUSIP# (958519)†
September 1, 2025	\$1,245,000	____%	____%	____%	____
September 1, 2026	1,280,000				
September 1, 2027	1,320,000				
September 1, 2028	1,350,000				
September 1, 2029	1,390,000				
September 1, 2030	1,430,000				
September 1, 2031	1,480,000				
September 1, 2032	1,525,000				
September 1, 2033	1,570,000				
September 1, 2034	1,625,000				
September 1, 2035	1,685,000				
September 1, 2036	1,745,000				
September 1, 2037	1,810,000				
September 1, 2038	1,880,000				
September 1, 2039	1,945,000				
September 1, 2040	2,025,000				
September 1, 2041	2,105,000				
September 1, 2042	2,185,000				
September 1, 2043	2,275,000				
September 1, 2044	2,370,000				

\$6,265,000*
WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS REFUNDING BONDS,
2024 SERIES B

Maturity	Amount*	Interest Rate	Price	Yield	CUSIP# (958519)†
September 1, 2029	\$1,985,000	____%	____%	____%	____
September 1, 2030	2,085,000				
September 1, 2031	2,195,000				

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

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WESTERN KENTUCKY UNIVERSITY

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Shane Spiller, Ph.D.

TRUSTEE AND PAYING AGENT

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

BOND COUNSEL

Dinsmore & Shohl LLP
Louisville, Kentucky

MUNICIPAL ADVISOR

Robert W. Baird & Co. Incorporated
Louisville, Kentucky

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the 2024 Bonds of Western Kentucky University (the “University”) identified on the cover and inside cover pages hereof. No person has been authorized by the University 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 University or the Municipal 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 2024 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale.

Neither the 2024 Bonds nor the Trust Agreement (as defined herein) have been registered or qualified with the securities and exchange commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended. the registration or qualification of the 2024 Bonds or the Trust Agreement in accordance with applicable provisions of securities laws of the states in which the 2024 Bonds have been registered or qualified, if any, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

In making an investment decision investors must rely on their own examination of the terms of the offering, including the merits and risks involved. The 2024 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 (as defined herein).

For purposes of compliance with Rule 15c2-12, this Official Statement is deemed to be a final official statement with respect to the 2024 Bonds within the meaning of Rule 15c2-12, except, when it is in preliminary form, for the omission of certain pricing and other information authorized to be omitted by Rule 15c2-12.

No dealer, broker, salesman, or other person has been authorized by the University or the Underwriter to give any information or to make any representations other than as contained in this Official Statement, including the appendices hereto, in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those identified on the cover and inside cover pages or an offer to sell or a solicitation of an offer to buy such securities 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 Western Kentucky University since the date hereof.

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[Continued on the following page]

OFFICIAL STATEMENT

RELATING TO

\$34,240,000*
WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS,
2024 SERIES A

\$6,265,000*
WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS REFUNDING BONDS,
2024 SERIES B

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside cover page, and the Appendices appended hereto, is being distributed by Western Kentucky University (the “University”) to furnish pertinent information to all who may become owners of its \$34,240,000* original aggregate principal amount of Western Kentucky University General Receipts Bonds, 2024 Series A (the “2024 Series A Bonds”) and \$6,265,000* original aggregate principal amount of Western Kentucky University General Receipts Refunding Bonds, 2024 Series B (the “2024 Series B Bonds”) and, together with the 2024 Series A Bonds, the “2024 Bonds”), being offered hereby in accordance with (i) Sections 162.340 to 162.380 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes (collectively, the “Act”); (ii) a resolution of the Board of Regents of the University (the “Board”) dated November 2, 2006 (the “General Bond Resolution”), as amended and supplemented, including as amended and supplemented by a resolution of the Board dated August 9, 2024 (the “Series Resolution,” and, together with the General Bond Resolution, the “Bond Resolution”); and (iii) a Trust Agreement dated as of December 1, 2006 (the “Original Trust Agreement”), by and between the University and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by a Thirteenth Supplemental Trust Agreement dated as of December 1, 2024 (the “Supplemental Trust Agreement,” and, together with the Original Trust Agreement, the “Trust Agreement”). The Act, the Bond Resolution, and the Trust Agreement are collectively referred to herein as the “Bond-Issuing Authorities.”

THE 2024 BONDS

The following is a summary of certain provisions of the 2024 Bonds. For definitions of certain terms and additional detailed information relating to the 2024 Bonds, see “APPENDIX C – SUMMARY OF THE ORIGINAL TRUST AGREEMENT,” attached hereto.

General

The 2024 Series A Bonds

The 2024 Series A Bonds will be issued in the aggregate principal amount of \$34,240,000*, will be dated the date of their delivery and will mature on the dates set forth on the inside cover page hereof. Interest on the 2024 Series A Bonds will be payable semi-annually on March 1 and September 1, commencing on March 1, 2025 (each, an “Interest Payment Date”), at the rates set forth on the inside cover page hereof, calculated on the basis of a 360-day year consisting of twelve months of thirty days each. The 2024 Series A Bonds will be offered in denominations of \$5,000 and integral multiples thereof (“Authorized Denominations”).

Principal of and interest on the 2024 Series A Bonds will be payable in lawful money of the United States of America. Interest on the 2024 Series A Bonds will be payable to the registered owners thereof by check or draft mailed on the applicable Interest Payment Date to such owners at their addresses as they appear on the February 15 or August 15 preceding such Interest Payment Date (the “Record Date”) on registration books kept by the Trustee, or upon the written request of any Bondholder of at least \$1,000,000 in aggregate principal amount of 2024 Series A Bonds by wire transfer in immediately available funds to an account within the United States designated by such Bondholder at least three business days before the Record Date for the applicable Interest Payment Date.

The 2024 Series B Bonds

The 2024 Series B Bonds will be issued in the aggregate principal amount of \$6,265,000*, will be dated the date of their delivery and will mature on the dates set forth on the inside cover page hereof. Interest on the 2024 Series B Bonds will be payable semi-annually on March 1 and September 1, commencing on March 1, 2025, at the rates set forth on the inside cover page hereof, calculated on the basis of a 360-day year consisting of twelve months of thirty days each. The 2024 Series B Bonds will be offered in Authorized Denominations.

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

Principal of and interest on the 2024 Series B Bonds will be payable in lawful money of the United States of America. Interest on the 2024 Series B Bonds will be payable to the registered owners thereof by check or draft mailed on the applicable Interest Payment Date to such owners at their addresses as they appear on the Record Date on registration books kept by the Trustee, or upon the written request of any Bondholder of at least \$1,000,000 in aggregate principal amount of 2024 Series B Bonds by wire transfer in immediately available funds to an account within the United States designated by such Bondholder at least three business days before the Record Date for the applicable Interest Payment Date.

Book-Entry-Only System

The 2024 Bonds will initially be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company (“DTC”), New York, New York. The 2024 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. So long as the book-entry-only system is used, only DTC will receive or have the right to receive physical delivery of 2024 Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each as hereinafter defined, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or Holders of the 2024 Bonds under the Bond Resolution. For additional information about DTC and the book-entry-only system see “APPENDIX E – BOOK-ENTRY-ONLY SYSTEM,” attached hereto.

Redemption

The 2024 Series A Bonds

Optional Redemption. The 2024 Series A Bonds stated to mature on or after September 1, 2034 are subject to redemption before maturity at the option of the University on or after September 1, 2033, in whole or in part on any date (less than all of such 2024 Series A Bonds to be selected by lot in such manner as determined by the Trustee), at the price of par plus accrued interest to the redemption date.

[Mandatory Sinking Fund Redemption. The 2024 Series A Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption before maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years and in the principal amounts as follows:]

<i>Maturing September 1, 20[]</i>	
<i>Date</i>	<i>Amount</i>
September 1, 20[]	
September 1, 20[]*	
<hr/>	
*Final Maturity	

The 2024 Series B Bonds

Optional Redemption. The 2024 Series B Bonds are not subject to optional redemption before maturity.

[Mandatory Sinking Fund Redemption. The 2024 Series B Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption before maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years and in the principal amounts as follows:]

<i>Maturing September 1, 20[]</i>	
<i>Date</i>	<i>Amount</i>
September 1, 20[]	
September 1, 20[]*	
<hr/>	
*Final Maturity	

Common Provisions

Selection of Bonds for Redemption. The University has directed the Trustee to notify DTC that if less than all of any maturity of 2024 Bonds are to be redeemed (including mandatory sinking fund redemption), any such redemption shall be on a pro rata basis in a principal amount equal to authorized denominations of \$5,000 or any integral multiple thereof. The University and the Trustee are not making any representation relating to, and do not have any responsibility or obligation with respect to, whether DTC will follow the direction to redeem 2024 Bonds on a pro rata basis upon a partial redemption as described above. If a 2024 Bond subject to

redemption is in a denomination larger than \$5,000, a portion of such 2024 Bond may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof, if the 2024 Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of any Bond for redemption in part, the Trustee and Paying Agent shall authenticate and deliver an exchange 2024 Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the 2024 Bond so surrendered.

Notice of Redemption. The Trustee and Paying Agent shall give notice of any redemption by sending at least one such notice by United States mail, first class, postage prepaid, not less than thirty and not more than sixty days before the date fixed for redemption to the registered owner of each 2024 Bond to be redeemed in whole or in part, at the address shown on the bond register as of the date of mailing of such notice. Such notice shall identify (i) by designation, letters, numbers, or other distinguishing marks, the 2024 Bonds or portions thereof to be redeemed; (ii) the redemption price to be paid; (iii) the date fixed for redemption; and (iv) the place or places where the amounts due upon redemption are payable.

Exchange and Transfer

If for any reason the book-entry-only system is discontinued, the 2024 Bonds will be exchangeable and transferable on the registration books of the Trustee in Authorized Denominations. Upon presentation and surrender of any 2024 Bond for transfer or exchange, the Trustee will authenticate and deliver in the name of the designated transferee or transferees or the registered holder, as appropriate, one or more new fully registered 2024 Bonds in any authorized denomination or denominations. For every exchange or transfer of 2024 Bonds, the Trustee may make a charge sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

SECURITY FOR THE 2024 BONDS

General

The University is issuing the 2024 Bonds under the authority of (a) the Act; (b) the General Bond Resolution, as amended and supplemented, including as amended and supplemented by the Supplemental Bond Resolution; and (c) the Original Trust Agreement, as amended and supplemented, including as amended and supplemented by the Thirteenth Supplemental Trust Agreement.

Authorization of General Receipts Obligations

The General Bond Resolution and the Original Trust Agreement collectively authorize the University to incur certain categories of indebtedness and to secure such indebtedness with a pledge of the "General Receipts" of the University. The Original Trust Agreement defines such eligible indebtedness as "Obligations," which include:

- (i) Bonds issued in accordance with the Bond-Authorizing Authorities;
- (ii) Notes issued in accordance with the Bond-Authorizing Authorities;
- (iii) Financing Agreements entered into by and between the University and the Commonwealth of Kentucky Asset/Liability Commission;
- (iv) Leases entered into by and between the University and the Commonwealth of Kentucky State Property and Buildings Commission; and
- (v) Other agreements providing for the repayment of money entered into by the University in accordance with the laws of the Commonwealth of Kentucky and designated as Obligations under the Original Trust Agreement and a supplemental trust agreement thereto.

To incur an Obligation secured by the pledge of the Original Trust Agreement, the University must satisfy the necessary requirements contained within the Original Trust Indenture, including, without limitation, the approval and execution of a supplemental trust agreement that provides for the particulars of the Obligation to be incurred. The Trust Agreement contains no financial covenant or restriction regarding the issuance of Obligations by the University thereunder, such as a debt service coverage test or similar limitation. Instead, the University may incur as many Obligations as are authorized by its Board without restriction as to dollar amount or number of issuances.

The 2024 Series A Bonds have been authorized as eligible Obligations under the Original Trust Indenture by the adoption by the Board of the Series Resolution and the execution and delivery by the University and the Trustee of the Supplemental Trust Agreement.

Definition of General Receipts

Each Bond is an “Obligation” under the Trust Agreement and the University has pledged its General Receipts as security for its payment obligations thereunder.

“General Receipts” means, as reported in the Financial Statements (having the designations, to the extent not otherwise defined in the Trust Agreement, set forth in the Financial Statements or such successor designations that may hereafter be used in Financial Statements):

- (a) certain operating and non-operating revenues of the University, being (i) Student Registration Fees, (ii) local and private grants and contracts, (iii) sales and services of educational activities, (iv) other operating revenues, (v) gross state appropriations (for general operations), (vi) investment income, and (vii) other nonoperating revenues;
- (b) but excluding (i) any receipts described in clause (a) which are contracts, grants, gifts, donations, or pledges and receipts therefrom which, under restrictions imposed in such contracts, grants, gifts, donations, or pledges, or, which as a condition of the receipt thereof or of amounts payable thereunder are not available for payment of Debt Service Charges, (ii) auxiliary enterprise revenues, (iii) federal grants and contracts, (iv) state and local grants and contracts, and (v) federal appropriations;

provided, however, that General Receipts may

- (c) include any other receipts that may be designated as General Receipts from time to time by a resolution of the Board delivered to the Trustee;
- (d) exclude any receipts not heretofore pledged, which may be designated from time to time by a resolution of the Board delivered to the Trustee; and
- (e) exclude any receipts heretofore pledged, which may be designated from time to time by a resolution of the Board delivered to the Trustee and each Rating Service then rating any Obligations, but only if each such Rating Service confirms in writing to the University that the exclusion of any such receipt would not cause a reduction or withdrawal of the then current rating on any Outstanding Obligations.

State Intercept

If the University fails to make timely payment of any 2024 Bond, the Secretary of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the “Cabinet”) is obligated, pursuant to Section 164A.608 of the Kentucky Revised Statutes, as amended, to apply to such payment, any funds that have been appropriated to the University that have not yet been disbursed. Payments due on the 2024 Bonds are required to be deposited with the Trustee at least ten days before their due date. If the amount required to pay debt service is not on deposit by that date, the Trustee is obligated under the Trust Agreement to immediately notify the Secretary of the Cabinet of the default in payment. Under Section 164A.608 of the Kentucky Revised Statutes, as amended, the Secretary of the Cabinet is required, within five days of the default, to remit the amount required to pay the amount due on any 2024 Bond to the Trustee from those undisbursed funds.

Budgetary Process in the Commonwealth

The General Assembly is required by the Kentucky Constitution to adopt measures providing for the Commonwealth’s revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the “State Budget”) to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor’s signature for appropriations commencing for a two-year period beginning the following July 1. The University is required to submit its budget to the General Assembly for approval as a part of the State Budget. If a State Budget has not been enacted by the date principal of or interest on the 2024 Bonds is due, the University would not have the budgetary authority to make that principal or interest payment. The pledge of General Receipts by the University described herein is independent of the State Budget process.

Additional Obligations

The University has reserved the right to issue additional Obligations under the Trust Agreement secured by a pledge of the General Receipts. See “THE UNIVERSITY – Future Debt” and “APPENDIX C – SUMMARY OF THE ORIGINAL TRUST AGREEMENT.”

PLAN OF FINANCE

Proceeds of the 2024 Series A Bonds will be used by the University to finance all or a portion of (a) the costs of the acquisition, construction, installation, and equipping of (i) the project identified in H.B. 1 of the 2022 Regular Session of the General Assembly of the Commonwealth of Kentucky (the “Kentucky General Assembly”), as enacted and vetoed in part, and as reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct New Gordon Ford College of Business”; (ii) the project identified in H.B. 352 of the 2020 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as reauthorized by H.B. 1 of the 2022 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as additionally reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct, Renovate, and Improve Athletics Facilities” (collectively, the “Project”); (b) the costs of issuance of the 2024 Series A Bonds.

Proceeds of the 2024 Series B Bonds will be used by the University to (a) currently refund the outstanding Western Kentucky University General Receipts Bonds, 2012 Series A dated June 6, 2012 maturing on and after May 1, 2030 (the “Prior Bonds”), the proceeds of which financed a portion of the costs of the acquisition, construction, installation, and equipping of the Renovate Downing University Center Project; and (b) pay all or a portion of the costs of issuance of the 2024 Series B Bonds.

SOURCES AND USES OF FUNDS

The 2024 Series A Bonds

Sources of Funds

Principal amount of 2024 Series A Bonds	\$[_____]
[Plus][Less] [Net] Original Issue [Premium][Discount]	\$[_____]
Total Sources of Funds	\$[_____]

Uses of Funds

Deposit to [Series A Project Fund]	\$[_____]
Pay costs of issuance*	\$[_____]
Total Uses of Funds	\$[_____]

The 2024 Series B Bonds

Sources of Funds

Principal amount of 2024 Series B Bonds	\$[_____]
[Plus][Less] [Net] Original Issue [Premium][Discount]	\$[_____]
Total Sources of Funds	\$[_____]

Uses of Funds

Deposit to [Redemption Account]	\$[_____]
Pay costs of issuance*	\$[_____]
Total Uses of Funds	\$[_____]

THE TRUST AGREEMENT

The terms and provisions of the Trust Agreement control both outstanding Obligations and all Obligations that may be issued in accordance with the Trust Agreement, including the 2024 Bonds. Please see “APPENDIX C – SUMMARY OF THE ORIGINAL TRUST AGREEMENT” attached hereto.

THE UNIVERSITY

General

On March 21, 1906, the Kentucky General Assembly approved legislation to establish two teacher training institutions, or “normal schools,” in the state. A locating commission chose Bowling Green to be the site of one, and the Western Kentucky State Normal School was created. On June 16, 1966, the college became Western Kentucky University. Today, the University has a total student enrollment of 16,759, over 200 academic programs housed in five academic colleges, along with an Honors College.

* Includes underwriter’s discount, legal fees, rating agency fees, printing costs, and other miscellaneous costs.

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award associate, baccalaureate, masters, educational specialist, and doctorate degrees.

Mission

The University prepares students of all backgrounds to be productive, engaged, and socially responsible citizen-leaders of a global society. The University provides research, service and lifelong learning opportunities for its students, faculty, and other constituents. The University enriches the quality of life for those within its reach.

Additional Information

See “APPENDIX A – INFORMATION PERTAINING TO WESTERN KENTUCKY UNIVERSITY” attached hereto for additional information regarding the University.

Future Debt

General

The University received general fund support in the state budget for the 2024-2026 Biennium (the “Current State Budget”) for a number of projects. To the extent that such projects would be funded by the general fund of the Commonwealth of Kentucky as described in the Current State Budget, the University would not incur indebtedness under the Trust Agreement or otherwise; provided, however, the following projects permit University support through the issuance of “agency bonds:”

- (i) Construct Parking Structure IV – \$25,000,000
- (ii) Renovate and Expand Cliff Todd Center – \$6,000,000
- (iii) Construct New Gordon Ford College of Business Additional Reauthorization – \$25,000,000 (a portion of which is being financed by the 2024 Series A Bonds)
- (iv) Construct, Renovate, and Improve Athletic Facilities Reauthorization – \$8,434,300 (a portion of which is being financed by the 2024 Series A Bonds)

Such future debt may take the form of Obligations issued under the Trust Agreement or bonds or notes issued by the State Property and Buildings Commission or the Kentucky Asset/Liability Commission. Any such debt issued as Obligations under the Trust Agreement or financed by such state agencies on behalf of the University would be secured by a pledge of General Receipts on a parity with the 2024 Bonds. As of the date of this Official Statement, the University does not intend to pursue the issuance of any Obligations under the Trust Agreement or with the State Property and Buildings Commission or Kentucky Asset/Liability Commission to finance the University’s portion of the above projects within the next twelve months.

Additional Possible Legislative Appropriations

The General Assembly of the Commonwealth of Kentucky may make additional legislative appropriations for the incurrence by the University of additional debt. Such future debt may take the form of Obligations issued under the Trust Agreement or Agency Fund Revenue Bonds issued by the State Property and Buildings Commission or the Kentucky Asset/Liability Commission. Any such debt issued as Obligations under the Trust Agreement would be secured by a pledge of the General Receipts on a parity with the 2024 Bonds. See “APPENDIX C – SUMMARY OF THE ORIGINAL TRUST AGREEMENT.” Any such debt could be issued to finance the costs of new projects at the University or to refinance existing Obligations to achieve debt service savings.

INVESTMENT CONSIDERATIONS

The following is a discussion of certain risks that could affect payments to be made by the University with respect to the 2024 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 2024 Bonds should analyze carefully all the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

No Guarantee of Market Price or Investment Value or Ratings

The University has not guaranteed the market price or investment value of the 2024 Bonds nor does the University guarantee that the ratings on the 2024 Bonds will not be revised or withdrawn. There can be no assurance that the ratings assigned to the 2024

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 2024 Bonds.

Disruption in the Economy and Credit Markets

The University has significant holdings in a broad range of investments, and market fluctuations have affected and will continue to affect materially the value of those investments. More stringent credit requirements could adversely affect the University's ability to obtain credit or otherwise access credit markets.

Secondary Market

There is no guarantee that a secondary trading market will develop for the 2024 Bonds. Consequently, prospective purchasers of the 2024 Bonds should be prepared to hold their Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the 2024 Bonds.

Matters Relating to Security for the 2024 Bonds

The 2024 Bonds are not secured by a mortgage or security interest in any assets of the University beyond that which is described in the Trust Agreement pledging the University's General Receipts to the repayment of the 2024 Bonds.

Suitability of Investment

An investment in the 2024 Bonds involves a certain degree of risk. The interest rates borne by the 2024 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 their ability to bear the economic risk of such an investment, and then determine whether or not the 2024 Bonds are an appropriate investment for them.

Bond Audit

The 2024 Bonds may be subject to audit, from time to time, by the Internal Revenue Service (the "Service"). The University believes that the 2024 Bonds comply with applicable tax laws and regulations. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the 2024 Bonds, as described under the heading "TAX EXEMPTION." No ruling with respect to the tax-exempt status of the 2024 Bonds has been or will be sought from the Service, however, and opinions of counsel are not binding on the Service or the courts, and are not guarantees. There can be no assurance, therefore, that an audit of the 2024 Bonds will not adversely affect the 2024 Bonds. Neither the University nor Bond Counsel can predict whether the Service will commence an audit of the 2024 Bonds. Owners of 2024 Bonds are advised that, if the Service does audit the 2024 Bonds, under current Service procedures, at least during the early stages of an audit, the Service will treat the Issuer as a taxpayer, and the owners of the 2024 Bonds may have limited rights to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2024 Bonds until the audit is concluded, regardless of the ultimate outcome. The University's administration believes that any arrangements into which the University has entered are in compliance with the tax laws. There can be no assurance, however, that the Service will not pursue an action against the University on account of such arrangements.

Other Legislation

In recent years the Service and members of Congress have expressed concern about the need for more restrictive rules governing tax-exempt bonds such as the 2024 Bonds. The University has covenanted in the Trust Agreement to take all appropriate measures to maintain the tax-exempt status of the 2024 Bonds. No prediction is made concerning any pending or future legislation which, if passed, might have an effect on tax treatment of interest on the 2024 Bonds. Prospective purchasers should consult their own tax advisors regarding any pending or proposed federal income tax legislation.

Ad Valorem Property Taxes

The University is presently exempt from ad valorem property taxation. Although the University believes that its property will continue to be exempt from ad valorem property taxation, no assurance can be given that existing exemptions will not be eliminated so as to require the University to pay ad valorem property taxes, which would reduce the University's General Receipts.

Liabilities in Excess of Insurance

While the University is required to have in effect at all times comprehensive general liability insurance, there can be no assurance that any current or future claims will be covered by or will not exceed applicable insurance coverage. A claim against the

University not covered by, or in excess of, the University's insurance could have a material adverse effect upon the University's ability to make debt service payments on the 2024 Bonds.

Normal Risks Associated With Real Estate Improvements

There are many diverse risks attending any improvements to real estate, not within the University's control. Such risks include possible adverse use of adjoining land, fire, or other casualty, decline in the neighborhood, and local or general economic conditions, and changing governmental regulations.

University Operations

Demand for Services. The earnings and revenues of the University are subject to, among other things, demand for the services offered by the University, the ability of the University to continue to provide such services, competition, tuition charges, costs, management and staff personnel, and future economic and other developments, all of which are unpredictable and which may affect the revenues and the payment of principal of and interest on the 2024 Bonds. There is no representation or assurance that the University will generate sufficient General Receipts to pay debt service on its Outstanding Obligations issued under the Trust Agreement, including the 2024 Bonds.

Operating Costs. The University expects that it will experience increases in operating costs due to inflation, costs of health care insurance, retirement plans or other benefits offered by the University to its employees, increases in the costs of compliance with federal or state laws or regulations, or other increases in operating expenses. There is no assurance that cost increases will be matched by increased tuition and other charges in amounts sufficient to generate an excess of revenues over expenses at the levels previously experienced by the University.

Competition. Competition for students among colleges and universities remains intense. The University competes for students with a large number of public and private institutions of higher education and the tuition and fees charged by some of those institutions are less than those charged by the University. Additionally, changes in U.S. immigration policies could affect enrollment among international students. If the University is unable to maintain its competitive position, its ability to earn revenues and to pay debt service on the 2024 Bonds may be impaired.

Need to Maintain Accreditation. The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges ("SACSCOC") to award associate, baccalaureate, masters, educational specialist, and doctorate degrees. The most recent accreditation review by SACSCOC was successfully completed in 2015. In order to attract students and to qualify under federal, state, and private student financial aid programs, the University must maintain its accreditation.

Need to Achieve and Maintain Certain Enrollment Levels. The University believes that the strength of its academic programs, faculty, and facilities will cause the demand for its educational programs to remain stable. However, a significant decrease in the University's enrollment, while currently unexpected, could adversely affect the University's financial position and results of operations. The University's ability to meet its obligations depends, in large part, upon the University's student enrollment being at sufficient levels at sufficient tuition rates to enable the University to generate revenues sufficient to meet such obligations. However, there can be no assurance that enrollment will be sufficient or that tuition rates will remain at current levels.

Technological Advances. Changes in technology, including expansions of the offering of college-level courses or degrees via the internet, could significantly impact the manner in which colleges and universities operate, could allow other competition to enter the field of education without making significant capital investment in capital assets such as land and buildings, and could adversely affect the financial position of established universities and colleges, such as the University.

Uncertainty of State Legislation and Initiatives. Each biennium, the Kentucky General Assembly considers budget decisions and legislation that affect the University. These include appropriations to the University and other public higher education institutions in the Commonwealth of Kentucky, legislation regarding public employees, benefits, tuition, academic standards, public procurement and contracting, and many other matters, and rulemaking that impacts temporary employment and employee overtime funding. There can be no assurance that the legislature will not make laws or policy which have a material effect on the ability of the University to generate sufficient General Receipts to pay debt service on its outstanding General Receipts Obligations. THE KENTUCKY GENERAL ASSEMBLY OF THE COMMONWEALTH OF KENTUCKY IS NOT NOW OBLIGATED, NOR WILL THERE BE AN OBLIGATION IN THE FUTURE, TO MAKE APPROPRIATIONS TO THE UNIVERSITY.

Uncertainty of Federal Legislation. The University is subject to federal laws, regulations, grant requirements, etc., which are subject to change and consideration at any time by the United States. For example, the Tax Cuts and Jobs Act of 2017 changed estate

taxes and deductions (which included eliminating the 80 percent deductibility of certain athletic tickets and seat licenses) affecting giving to universities.

Dependence on Student Loan Programs and other Financial Aid. Financial aid is provided to students at the University in the form of scholarships, grants (institutional, state, and federal), and loans. Almost all of the University's full-time students receive some type of financial aid. Recently published reports have indicated that cuts in federal subsidies for student loans and the tightening of credit markets have dramatically decreased the availability of funds for student loans of many student loan lenders across the nation. The University's financial results would be adversely affected if any of the financial aid programs were reduced or discontinued or if the University became ineligible to participate in any state or federal financial aid programs.

Annual Giving. The University relies on annual giving to support its operating needs and intends to continue its fundraising efforts. There can be no assurance, however, that these efforts will be successful. Such efforts may be affected adversely by a number of factors, including without limitation changes in general economic conditions, competing demands from other institutions and charities, and changes in federal and state tax laws affecting the deductibility of charitable contributions.

Changes in Administration, Management, or Policies. Future changes in the governing body or key administration personnel of the University could affect the capability of the governing body or administration to effectively manage the University. Likewise, changes in the University's key management personnel or material alteration of University policies could adversely or beneficially affect the University's financial performance to an extent that cannot be determined at this time.

Labor Risks. Labor costs constitute a significant portion of the operating expenses of the University. In the event of unionization of employees or other employee organization activities, there may be a risk of strikes by employees and other adverse labor actions and conditions that could result in reduced enrollment and increased costs and have an adverse effect on the financial condition of the University. While the University's employees are not currently unionized and the University believes labor relations are good, there can be no assurance that such employees will not seek to establish collective bargaining agreements with the University in the future.

Earnings on Investments. A portion of the University's revenues available to pay debt service on the 2024 Bonds is expected to come from investment income and net realized gains on the investment of available funds. The amount of such interest earnings and gains will fluctuate with changes in prevailing interest rates and financial market conditions. The value of the University's investments is subject to decline in value and principal loss.

Damage to Facilities. Any damage or destruction of components of the University's property could materially adversely affect the University's receipt of revenues. The University intends to maintain, or cause to be maintained, insurance (including one or more self-insurance programs considered under customary standards for similar universities or colleges to be adequate) covering such risks, in such amounts, and with such deductibles and co-insurance provisions as are adequate to protect it and its property and operations. There can be no assurance that the amount of insurance required to be obtained or actually obtained with respect to the University's facilities will be adequate, or that the cause of any damage or destruction to such facilities will be as a result of a risk which is insured. Further, there can be no assurance with respect to the ongoing creditworthiness of the insurance companies from which the University obtains insurance policies.

Natural and other Disasters. The occurrence of natural disasters, such as tornadoes, floods, or droughts, or other disasters could damage the University's facilities, interrupt services, or otherwise impair operations and the University's ability to produce revenues.

Environmental Concerns. Legislative, regulatory, administrative, or enforcement action involving environmental controls could adversely affect the operation of the University's facilities. For example, if all or a portion of the University's property is determined to be contaminated by hazardous materials, the University could be liable for significant clean-up costs even if it was not responsible for the contamination.

Cybersecurity. Despite the implementation of network security measures by the University, its information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins, and other similar events or issues. Such events or issues could lead to the inadvertent disclosure of a wide range of confidential information or could have an adverse effect on the University's ability to provide educational services or its reputation resulting in a reduction in its ability to produce revenues.

Capital Needs vs. Capital Capacity. The operations of universities and other educational institutions are often capital intensive. Regulation, technology, and the expectations of students and faculty require constant and often significant capital investment.

Total capital needs may outstrip capital capacity. Furthermore, capital capacity of universities and other educational institutions may be reduced as a result of credit market disruptions, and it is uncertain how long those conditions may persist.

Changing Nature of Collegiate Athletics. While direct revenue from the University's athletic programs makes up a relatively small percentage of the University's overall revenues, the University's athletic programs contribute to the overall reputation of the University. The University's future athletic revenues could be impacted by additional expenses resulting from proposed settlements in ongoing antitrust litigation involving the National Collegiate Athletics Association (NCAA) and athletic conferences (even when the University is not a named defendant) or potential other legislative or legal changes related to collegiate athletics, including the monetization of student athletes' name, image, and likeness.

Financial Information

Certain historical financial information of the University is set forth in the appendices attached hereto. There can be no assurance that the financial results achieved by the University in the future will be similar to historical results, and no representation or assurances can be made that revenues will be realized by the University in amounts sufficient to pay maturing principal of and interest on the 2024 Bonds.

Future economic and other conditions, including demand for and services offered by the University, increased costs, litigation, competition, lower than anticipated revenues, higher than anticipated operating expenses, changes in governmental regulation, loss of federal tax-exempt status, loss of state property tax exemption, changes in demographic trends, changes in the student housing industry, and general economic conditions may adversely affect General Receipts and, consequently, payment of principal of and interest on the 2024 Bonds by the University.

Other Factors

The University's ability to pay its obligations under the Trust Agreement will depend upon the University's continued ability to generate revenues sufficient to meet such obligations, the University's operating expenses, debt service on other indebtedness, extraordinary costs or expenses which may occur, and other costs and expenses. Revenues and expenses of the University will be affected by future events and conditions relating generally to, among other things, the University's ability to provide educational programs to meet the needs and expectations of students during the time that the 2024 Bonds remain outstanding, the capabilities of the University's governing body and administration, the University's ability to control expenses during inflationary periods, the University's ability to maintain or increase rates for tuition, fees, and other revenues without reducing enrollment, the University's ability to attract and retain quality faculty members for its educational programs, the investment performance of the University's endowment and other funds, future gifts, donations, and bequests, governmental assistance for student financial aid, and grants and contracts from governmental bodies and agencies and others. Additionally, in the future, the following factors, among many others, may adversely affect the University's operations to an extent that cannot be determined at this time: (a) increased costs and decreased availability of insurance; (b) cost and availability of energy; (c) high interest rates which could prevent borrowing for needed capital expenditures; (d) an increase in the cost of health care benefits, retirement plan, or other benefit packages offered by the University to its employees; and (e) reduction in funding support from donors or other external sources, including without limitation external funding for research. Future revenues and expenses of the University will be subject to other conditions that cannot be determined at this time.

TAX EXEMPTION

General

In the opinion of Bond Counsel for the 2024 Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, the interest on the 2024 Bonds will be excludible from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and that interest on the 2024 Bonds will not be a specific item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals. Further, Bond Counsel for the 2024 Bonds is of the opinion that interest on the 2024 Bonds is exempt from income taxation by the Commonwealth and the 2024 Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

The forms of the opinion of Bond Counsel for each respective series of the 2024 Bonds are set forth in "APPENDIX D-1 – FORM OF BOND COUNSEL OPINION FOR THE 2024 SERIES A BONDS" and "APPENDIX D-2 – FORM OF BOND COUNSEL OPINION FOR THE 2024 SERIES B BONDS" attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024 Bonds. The University has covenanted to comply with certain restrictions designed to ensure that interest on the 2024 Bonds will not be includable in gross income for federal income tax purposes.

Failure to comply with these covenants could result in the interest on the 2024 Bonds being includable in gross income for federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2024 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2024 Bonds may adversely affect the federal tax status of the interest on the 2024 Bonds.

Certain requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions (including without limitation defeasance of the 2024 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any 2024 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although on the date the 2024 Bonds are issued, Bond Counsel will render an opinion that interest on the 2024 Bonds is excludible from gross income for federal income tax purposes and that interest on the 2024 Bonds is exempt from Kentucky income taxation, the ownership or disposition of, or the accrual or receipt of interest on, the 2024 Bonds may otherwise affect a Holder's federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Holder or the Holder's other items of income or deduction. For example, such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the 2024 Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the 2024 Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the 2024 Bonds. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Holder or potential Holder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the 2024 Bonds on the tax liabilities of the individual or entity.

The University has not designated the 2024 Bonds as "qualified tax-exempt obligations" under Section 265 of the Code.

Tax Treatment of Original Issue Premium

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The 2024 Bonds that have an interest rate that is greater than the yield, as shown on the cover page hereto (the "Premium Bonds"), are being initially offered and sold to the public at an Acquisition Premium. For federal income tax purposes, the amount of Acquisition Premium on the 2024 Bonds must be amortized and will reduce the Holder's adjusted basis in those 2024 Bonds. However, no amount of amortized Acquisition Premium on 2024 Bonds may be deducted in determining Holder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the 2024 Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original Holder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any 2024 Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Tax Treatment of Original Issue Discount

Certain 2024 Bonds that have an interest rate that is lower than the yield on the 2024 Bonds and 2024 Bonds that have a maturity amount that is greater than their initial principal amount, all as shown on the cover page hereto (the "Discount Bonds"), are being offered and sold to the public at an original issue discount ("OID"). 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 bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser's tax basis for purposes of determining gain or loss

at the maturity, redemption, sale, or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

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

Corporate Alternative Minimum Tax

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

CONTINUING DISCLOSURE

The University has undertaken for the benefit of the owners of the 2024 Bonds and to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended (“Rule 15c2-12”), to provide certain financial information and operating data relating to the University from time to time in accordance with a Continuing Disclosure Agreement (the “Disclosure Agreement”) in substantially the form set forth in “APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto.

The Disclosure Agreement provides a Holder of the 2024 Bonds, including Beneficial Owners of the 2024 Bonds, with certain enforcement rights in the event of a failure by the University to comply with the terms thereof; however, default under the Disclosure Agreement does not constitute an event of default under the Resolutions. The Disclosure Agreement may also be amended or terminated under certain circumstances in accordance with Rule 15c2-12 as more fully described therein. Holders of the 2024 Bonds are advised that the Disclosure Agreement, the form of which is obtainable from the Municipal Advisor, should be read in its entirety for more complete information regarding its contents.

During the past five years, the University has materially complied with its continuing disclosure obligations under Rule 15c2-12; provided, however, that a material events notice regarding the upgrade of Moody’s rating on Assured Guaranty Municipal Corp., which provided a municipal bond insurance policy on the Western Kentucky University General Receipts Bonds, 2016 Series B, required to be posted by March 28, 2022 was filed late on March 29, 2022.

Financial information regarding the University may be obtained from the Executive Vice President for Strategy, Operations, and Finance, Western Kentucky University, 1906 College Heights Boulevard, Potter Hall 445, Bowling Green, Kentucky 42101.

PENDING LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution, or delivery of the 2024 Bonds, or in any way contesting or affecting the validity of the 2024 Bonds or any proceedings of the University 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 2024 Bonds or the due existence or powers of the University.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the 2024 Bonds are subject to the approval of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel to the University (“Bond Counsel”). The approving legal opinion of Bond Counsel will contain a statement of tax exemption as represented herein. Bond Counsel has reviewed the information herein pertaining to the 2024 Bonds under the headings “THE 2024 BONDS,” “SECURITY FOR THE 2024 BONDS,” “THE TRUST AGREEMENT,” “TAX EXEMPTION,” APPENDIX C, APPENDIX D-1, APPENDIX D-2, and APPENDIX F, and is of the opinion that such information is a fair summary of the principal provisions of the instruments and information therein described. Bond Counsel has not otherwise participated in the preparation of the Official Statement or the Appendices attached hereto and has not verified the accuracy or completeness of the information contained under any heading other than those stated above, nor of any financial

information, enrollment numbers, projections, or computations relating thereto, and therefore, can make no representation with respect to such information. A certification as to the matters set forth under “PENDING LITIGATION” will be delivered by the University with the 2024 Bonds.

MUNICIPAL ADVISOR

Robert W. Baird & Co. Incorporated, Louisville, Kentucky, has acted as Municipal Advisor to the University in connection with the issuance of the 2024 Bonds and will receive a fee, payable from bond proceeds, for its services as Municipal Advisor.

APPROVAL OF ISSUANCE OF 2024 BONDS

Pursuant to Chapter 42 of the Kentucky Revised Statutes, issuance of the 2024 Bonds must be approved by the Office of Financial Management of the Finance and Administration Cabinet of the Commonwealth of Kentucky.

FINANCIAL STATEMENTS

The financial statements of the University as of and for the years ended June 30, 2024, are included in this Official Statement in “APPENDIX B – CONSOLIDATED FINANCIAL STATEMENTS OF WESTERN KENTUCKY UNIVERSITY AS OF AND FOR THE YEARS ENDED JUNE 30, 2024,” attached hereto.

The financial statements of the University as of and for the year ended June 30, 2024, included in this Official Statement in APPENDIX B, have been audited by FORVIS, LLP, (“FORVIS”) independent auditors, as stated in their report appearing herein. The University did not request FORVIS to perform any updating procedures subsequent to the date of its audit report on the financial statements in APPENDIX B.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the 2024 Bonds, the University Controller/Treasurer of the University will certify that, to the best of her knowledge, the Official Statement did not as of the date of delivery of the 2024 Bonds, contain any untrue statements of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect.

COMPLETENESS OF OFFICIAL STATEMENT

The Board has approved and caused this Official Statement to be executed and delivered by its Chair. This Official Statement is deemed final by the Board for purposes of Section (b)(1) of Rule 15c2-12 as of the date hereof.

The financial information supplied by the Board and reported in “APPENDIX A – INFORMATION PERTAINING TO WESTERN KENTUCKY UNIVERSITY,” and “APPENDIX B – CONSOLIDATED FINANCIAL STATEMENTS OF WESTERN KENTUCKY UNIVERSITY AS OF AND FOR THE YEARS ENDED JUNE 30, 2024,” herein is represented by the Board to be correct. With respect to APPENDIX A, accounts required by federal and state laws, rules, and regulations to be audited annually by independent certified public accountants have been so audited and the financial information extracted from the annual audits and presented herein is incomplete to the degree that accounts not required to be so audited have not been included in the annual audits contained in APPENDIX B.

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the 2024 Bonds the rating of “Aa3” (enhanced), with an underlying rating of “A2”. Such ratings reflect only the view of Moody’s. An explanation of the significance of the ratings may be obtained from Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 583-0300.

A rating is a not recommendation to buy, sell or hold the 2024 Bonds. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely. Any such downward change in or withdrawal of such rating could have an adverse effect on the market price of the 2024 Bonds.

UNDERWRITING

The 2024 Series A Bonds

The 2024 Series A Bonds are to be purchased by [____] (the “Series A Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the 2024 Series A Bonds at an aggregate purchase price of \$[____] (which is equal to the principal

amount of the 2024 Series A Bonds [less][plus] [net] original issue [discount][premium] of \$[_____] and less underwriting discount of \$[_____]. The Series A Underwriter will be obligated to purchase all of the 2024 Series A Bonds if any are purchased. The Series A Underwriter has advised the University that it intends to make a public offering of the 2024 Series A Bonds at the initial public offering prices/yields set forth on the inside cover page hereof, provided, however, that the Series A Underwriter has reserved the right to make concessions to dealers and to change such initial public offering prices as the Series A Underwriter shall deem necessary in connection with the marketing of the 2024 Series A Bonds.

The 2024 Series B Bonds

The 2024 Series B Bonds are to be purchased by [_____] (the “Series B Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the 2024 Series B Bonds at an aggregate purchase price of \$[_____] (which is equal to the principal amount of the 2024 Series B Bonds [less][plus] [net] original issue [discount][premium] of \$[_____] and less underwriting discount of \$[_____]). The Series B Underwriter will be obligated to purchase all of the 2024 Series B Bonds if any are purchased. The Series B Underwriter has advised the University that it intends to make a public offering of the 2024 Series B Bonds at the initial public offering prices/yields set forth on the inside cover page hereof, provided, however, that the Series B Underwriter has reserved the right to make concessions to dealers and to change such initial public offering prices as the Series B Underwriter shall deem necessary in connection with the marketing of the 2024 Series B Bonds.

MISCELLANEOUS

All quotations from, and summaries and explanations of, the Bond-Authorizing Authorities contained 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 Appendices attached hereto are part of this Official Statement. Copies, in reasonable quantity, of the Bond Resolution or the Trust Agreement may be obtained from Robert W. Baird & Co. Incorporated, 500 West Jefferson Street, Suite 2600, Louisville, Kentucky 40202, Attention Mark Rawlings (270) 443-8240.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. Except when otherwise indicated, the information set forth herein has been obtained from the University and has not been verified as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or Bond Counsel. This Official Statement is not to be construed as a contract or agreement between the University and the purchasers or owners of any of the 2024 Series A Bonds or 2024 Series B Bonds.

[Continued on the following page]

SIGNATURE PAGE TO OFFICIAL STATEMENT

WESTERN KENTUCKY UNIVERSITY

By: _____
Chair
Board of Regents

Attest:

WESTERN KENTUCKY UNIVERSITY

By: _____
Secretary
Board of Regents

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX A
INFORMATION PERTAINING TO
WESTERN KENTUCKY UNIVERSITY

APPENDIX A

GENERAL

On March 21, 1906, the Kentucky General Assembly approved legislation to establish two teacher training institutions, or "normal schools," in the state. A locating commission chose Bowling Green to be the site of one, and the Western Kentucky State Normal School was created. On June 16, 1966, the college became Western Kentucky University (WKU). Today, WKU has a total student enrollment of 16,759, over 200 academic programs housed in five academic colleges, along with an Honors College. WKU is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award associate, baccalaureate, masters, educational specialist, and doctorate degrees.

Mission

Western Kentucky University prepares students of all backgrounds to be productive, engaged, and socially responsible citizen-leaders of a global society. The University provides research, service and lifelong learning opportunities for its students, faculty, and other constituents. WKU enriches the quality of life for those within its reach. The University plays a critical leadership role for the Commonwealth of Kentucky by contributing to the economic development and quality of life within Kentucky's borders and beyond. The University nurtures a diverse community characterized by fairness and equal opportunity.

Statement of Purpose

WKU is engaged in internationally acclaimed, student-and-learning-centered academic programs. The WKU experience occurs on several unique campus environments and through an overarching spirit which attracts an intellectually exciting and diverse family of the nation's best students. WKU provides students of all backgrounds with rigorous academic programs in education, the liberal arts and sciences, the health sciences, and business, with emphasis at the baccalaureate and masters levels, complemented by relevant associate and doctoral level programs. The University places a premium on student learning; it is committed to ensuring value in a holistic learning experience through high standards for student achievement and conduct, a strong faculty, technological innovation, personalized attention, broad access, and public accountability for actions and outcomes. Out-of-the-classroom and study abroad experiences enhance learning, promote diversity, and contribute to the success of students.

The University encourages engaged research and public service in support of economic development, quality of life, and improvement of education at all levels. WKU faculty contribute to the identification and solution of key social, economic, scientific, health, and environmental problems. An inspiring and talented faculty promotes a high level of creative activity and diverse scholarship and an entrepreneurial attitude designed to expand knowledge, improve instruction, increase learning, and provide applied solutions toward high-quality service to the state and nation. The University directly supports its constituents in its designated service areas of Kentucky with professional and technical expertise, cultural enrichment, and educational assistance.

Maintaining a campus of distinctive history and character, WKU sustains a student population of increasing quality. It fulfills its responsibility for access through its main and regional campuses, and through extensive distance learning opportunities. WKU recognizes that its mission continues to evolve in response to regional, national, and global changes, and the need for lifelong learning.

Core Values

- Emphasis on cooperation, teamwork, and mutual respect for individual differences in scholarship, diversity, and culture.

APPENDIX A

GENERAL CONTINUED

- Expectation for all conduct to be characterized by integrity, honesty, and commitment to high moral and ethical values and principles.
- Commitment to assuring quality of programs, competence of graduates, and opportunities for lifelong learning.
- A view of scholarly endeavors that includes teaching, research, and creative activities as mutually supportive.
- Encouragement of meaningful and active partnerships among students, faculty, staff, and constituents to strengthen the learning environment.
- Nurturing of innovative and creative activities of faculty, staff, and students that advance University mission and goals.
- Dedication to the importance of achieving excellence in all programs and for adding value to the degrees and credentials of our students.
- Commitment to providing a collegiate experience that prepares students to be informed, engaged, and dedicated citizens.
- Commitment to contributing to improved quality of life and economic well-being of Kentuckians, especially those in our primary service area, as well as other constituents and stakeholders.
- Commitment to developing empowered, informed, and responsible learners who recognize both the personal and shared responsibility to actively participate in university life by upholding the principles of the University Creed.

Geographic Region

WKU is located in Bowling Green, Kentucky, a city with a population of more than 60,000. WKU's Regional Campuses are located in Glasgow, Owensboro, and Elizabethtown-Fort Knox. Bowling Green is a thriving university town with a progressive population that helps drive its appeal to future Hilltoppers for school and work. As the third largest city in Kentucky and the dining and shopping destination for a dozen surrounding counties, Bowling Green has a wide variety of local restaurants, small businesses, and unique entertainment. Bowling Green is located just 60 miles north of Nashville and 110 miles south of Louisville. At the same time, the getaways around us do not supersede the experience of living in Bowling Green and exploring all the city and county have to offer.

Scope of Programs

WKU's undergraduate division provides four-year programs leading to the Bachelor of Arts, the Bachelor of Fine Arts, the Bachelor of Interdisciplinary Studies, the Bachelor of Science, the Bachelor of Science in Nursing, the Bachelor of Music, and the Bachelor of Social Work degrees. Ninety-four (94) academic majors that lead to the baccalaureate degree and seventy-five (75) academic minors are available. A number of professional and pre-professional advising tracks provide additional options.

In addition, WKU offers six (6) associate degree programs, sixty-nine (69) certificate programs, forty-eight (48) master's degree programs, two (2) specialist degree programs and four (4) doctoral degree programs.

APPENDIX A

GENERAL CONTINUED

Governing Board

The governing body of the University is the Board of Regents of Western Kentucky University, (the “Board”), consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by students, and one staff member elected by the staff. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings and other properties of the University and, subject to the statutes of the Commonwealth of Kentucky, control of all expenses thereof.

Administrative Officers

The President of the University is Timothy C. Caboni, Ph.D. Members of the President’s Cabinet include: Ms. Andrea Anderson, General Counsel; Mr. Michael Crowe, Jr. , Director, Student Conduct and Institutional Opportunities for Enrollment and Student Experience--Title IX Deputy Coordinator/Investigator; Dr. Robert Fischer, Provost and Vice President for Academic Affairs; Mr. John-Mark Francis, Interim Vice President for Enrollment Management, Assistant Vice President for Marketing and Brand Strategy; Ms. Susan Howarth, Executive Vice President for Strategy, Operations, and Finance; Dr. Molly Kerby, Assistant Provost for Institutional Effectiveness & Engagement, Professor of Sociology; Dr. Jenni Redifer, Interim Associate Provost for Research and Graduate Education; Mr. Bryan B. Russell, Chief Facilities Officer; Dr. Martha Sales, Vice President of Student Experience and Dean of Students; Ms. Jennifer Breiwa Smith, Assistant Vice President for Government and External Relations; Mr. Todd Stewart, Director of Athletics; Ms. Amanda L. Trabue, Vice President for Philanthropy and Alumni Engagement. Brief biographies follow:

Timothy C. Caboni, Ph.D., President

Timothy C. Caboni, a 1994 Western Kentucky University graduate, returned to the Hill on July 1, 2017, as WKU’s 10th president. Shortly after assuming the president role, President Caboni launched a comprehensive strategic planning process aimed at developing a roadmap for the University’s next decade of growth. Thus, WKU’s 2018-2028 strategic plan, Climbing to Greater Heights, was finalized in summer 2018, and its implementation is well underway. President Caboni, who holds a PhD in higher education leadership and policy from Vanderbilt University, served as the vice chancellor for Public Affairs at the University of Kansas for six years. Prior to that he was associate dean of the Peabody College of Education & Human Development at Vanderbilt University in Nashville, Tennessee. President Caboni is a native of New Orleans, Louisiana, and received a bachelor’s degree in speech communication and rhetoric from Louisiana State University. He earned a master’s degree in corporate and organizational communication from WKU. His higher education professional experience includes alumni relations, fundraising, prospect research, teaching, academic administration, communications, marketing and government relations. He has published nearly 30 articles and one book. His current research is focused on use of data-based decision-making in higher education fundraising.

Andrea Anderson, General Counsel

Ms. Andrea Potter Anderson, General Counsel, also serves as Faculty and Staff Immigration Services Coordinator. She received her Juris Doctor degree from the University of Kentucky College of Law and her undergraduate degree in Political Science and Sociology from Western Kentucky University. Ms. Anderson was previously a partner at the law firm of Kerrick Bachert.

APPENDIX A

GENERAL CONTINUED

Mr. Michael Crowe, Jr. , Director, Student Conduct and Institutional Opportunities for Enrollment and Student Experience--Title IX Deputy Coordinator/Investigator

Mr. Michael P. Crowe, Jr. was named the first Director of The Office of Student Conduct (formerly Judicial Affairs) at Western Kentucky University on April 1, 2008. Mr. Crowe is a graduate of Western Kentucky University (1997 and 2000). Mr. Crowe has spent the last 21 years serving in many leadership aspects of the wide umbrella known as Student Affairs. In 1995 he joined the Residence Life Staff at WKU becoming an Assistant Hall Director on staff. In 2002 Mr. Crowe joined Virginia Tech, where he served as the Assistant Director of Judicial Affairs. Mr. Crowe next served as the Associate Director of Residence Life in 2003 for the Office of Housing and Residential Education at Vanderbilt University. His career in Student Affairs came full circle, when he rejoined the staff at WKU as the Director of Student Conduct. In November of 2013 Mr. Crowe was appointed as a Deputy Title IX Coordinator for the University and currently serves as an investigator. In addition to his role as the Director of Student Conduct, he is also responsible for managing the day-to-day procedures associated with the University's Title IX investigations with a particular emphasis on investigating alleged cases of sexual assault, sexual harassment, and intimate partner violence involving students. Under the direction of the President of Western Kentucky University, Mr. Crowe also serves as the Director of Institutional Opportunities for Enrollment and Student Experience. He shares the responsibility with Dr. Molly Kirby (Director of Institutional Effectiveness & Engagement for Academic Affairs) providing vision, leadership, and counsel on efforts related to establishing diversity, equity and inclusion throughout the WKU community.

Dr. Robert Fischer, Provost and Vice President for Academic Affairs

Dr. Bud Fischer began serving as Western Kentucky University's (WKU) Provost and Vice President for Academic Affairs in July 2021. Before joining WKU, Dr. Fischer served as Dean of the College of Basic and Applied Sciences (CBAS) at Middle Tennessee State University (MTSU), a public regional comprehensive university with 21,000 students. Prior to moving to MTSU, Dr. Fischer spent four years as chair of the Biology Department at the University of Alabama at Birmingham and fifteen years at Eastern Illinois University where he was Professor of Biology and Associate Chair of the Department of Biological Sciences. Dr. Fischer started his career working for the University of Georgia's Savannah River Ecology Laboratory as the research coordinator for the physiological ecology laboratory. Dr. Bud Fischer is a native of Buffalo, New York. He received his BS in forest ecology from the State University of New York College of Environmental Science and Forestry School at Syracuse, his MS in Biology from the State University of New York College at Buffalo and his PhD. in Ecology from the University of South Carolina.

Mr. John-Mark Francis, Interim Vice President for Enrollment Management, Assistant Vice President for Marketing and Brand Strategy

Mr. Francis is WKU's Assistant Vice President for Marketing and Brand Strategy and currently serves as Interim Vice President for Enrollment Management. He began his career at WKU in the Office of Admissions in 2010 as an admissions counselor. After that, he served as assistant director of admissions-recruitment. In 2019, he moved to the Department of Marketing, where he served as Director of Marketing prior to taking on his current role as Assistant Vice President. In 2024, he also began serving as Interim Vice President for Enrollment Management.

APPENDIX A

GENERAL CONTINUED

Ms. Susan Howarth, Executive Vice President for Strategy, Operations, and Finance

Susan Howarth was named Executive Vice President for Strategy, Operations and Finance in June 2019. Prior to Susan's arrival at Western Kentucky University, she served in various capacities at the University of Louisville for thirty years. Most recently she served the University as Vice Provost and Chief Budget Officer and Interim Chief Financial Officer. She was also in a strategic Decision Support role in the development of the University's first comprehensive Strategic Enrollment Management Plan. Earlier in her career she was Associate Vice President for Budget and Planning and Director of the Office of Planning and Budget. Susan spent her freshman year as a Hilltopper at WKU and graduated with a bachelor's degree in Finance from the University of Louisville. She then earned her master of science in Finance from Northern Illinois University.

Dr. Molly Kerby, Assistant Provost for Institutional Effectiveness & Engagement, Professor of Sociology

Dr. Kerby is the Assistant Provost for Institutional Effectiveness & Engagement and serves as a professor in the Department of Diversity & Community Studies at Western Kentucky University. She completed her undergraduate degree in sociology and environmental science in 1994 and her master's degree in public health/environmental health in 1999 at Western Kentucky University. In 2007, she completed a PhD program in educational leadership at the University of Louisville.

Dr. Jenni Redifer, Interim Associate Provost for Research and Graduate Education

Dr. Redifer is an evaluator on WKU's Rock Solid Evaluation Team and currently serves as WKU's Interim Associate Provost for Research. She earned a PhD in Educational Psychology from the University of Florida in 2012.

Mr. Bryan B. Russell, Chief Facilities Officer

Bryan B. Russell was named Chief Facilities Officer for Western Kentucky University in May 2014. Bryan came to WKU with the Sodexo Marriott Management Construction Division in 1999 as a Senior Project Manager during the \$60M transformation of the residence halls completing Bates Runner Hall, Minton Hall, Poland Hall and Directional Halls during his tenure. Bryan returned to WKU in 2008 as Director for the Planning, Design, and Construction Department. Prior to his arrival at WKU, Bryan worked for Detrex Corporation, Equipment Division for 15 years in a worldwide market for custom cleaning equipment. Bryan served in many roles from Application Engineer, Sales Engineer, and ultimately as Business Manager. Bryan earned a Bachelor of Science in Mechanical Engineering Technology from WKU in 1984.

Dr. Martha Sales, Vice President of Student Experience and Dean of Students

Martha Sales was born and raised in Franklin, Kentucky. She is married to Reverend Shawn Sales with whom she has a son, Seth, age nineteen, and a 14-year-old daughter, Kiah. Martha received her Bachelor of Science in Social Work with a Minor in African American Studies from Western Kentucky University. Since that time, she has also earned a Master of Arts in Counseling in Marriage and Family, an Educational Specialist Degree in Student Affairs, and a Women Studies Graduate Certificate, as well as a doctorate in Educational Leadership from WKU. Martha currently serves as the Executive Director of the Western Kentucky University's Intercultural Student Engagement Center and TRIO programs. Beyond her work with Western Kentucky University and Private Consulting, Martha Sales is an active member of the community. She is a member of the Loving Springs Baptist

APPENDIX A

GENERAL CONTINUED

Church where she serves as a musician, youth/young adult advisor, and Sunday school teacher. She is a member of Delta Sigma Theta Sorority.

Ms. Jennifer Breiwa Smith, Assistant Vice President for Government and External Relations

Jennifer Breiwa Smith was named Director of Government and Community Relations for WKU in January 2009. She serves as a legislative liaison working with members of the Kentucky General Assembly, the United States Congress and both state and federal legislative staff. She also serves as a liaison to local governments in WKU's 27 county service region, advancing partnerships between those communities and the University. Smith began her career as the Program Director for the Bowling Green Area Chamber of Commerce. Smith earned a Bachelor of Arts in public relations from WKU in 2003 and a Master's in Public Administration in 2017. She is a 2015 graduate of Leadership Bowling Green and volunteers for Junior Achievement of South Central Kentucky and the Bowling Green Area Chamber of Commerce. Smith is married to Aaron D. Smith, has a daughter, Lillian, and is a member of Holy Spirit Catholic Church in Bowling Green, where she serves as Children's Liturgy leader.

Mr. Todd Stewart, Director of Athletics

Mr. Stewart has been a member of WKU's senior athletic staff since 2008 and was named Director of Athletics on May 9, 2012, after serving in the role on an interim basis since March 22. Stewart has a wide range of experience on many different levels, including nearly two years as WKU's Senior Associate Athletic Director, over two years as WKU's Associate Athletic Director for Communications and Media Relations, more than three years as Associate Commissioner for Communications at the Sun Belt Conference and 15 years of communications and media relations experience with two different franchises in the National Football League. Stewart joined WKU in June of 2008 after a 40-month stint as Associate Commissioner for Communications for the Sun Belt Conference. Prior to joining the SBC, Stewart worked in the National Football League for 15 years. He was hired by the Cleveland Browns as Executive Director of Communications and Media Relations in 1999. Prior to joining the Browns, Stewart was the Assistant Director of Public Relations for the Indianapolis Colts from 1991-99, where he helped direct activities between the organization, community and media with major responsibilities focused on writing press releases and producing team publications as well as arranging and coordinating interviews and press conferences. Stewart received his bachelor's degree in communications from Miami (Ohio) in 1988. He worked as a graduate assistant in the sports information department at the University of Tennessee from 1988-90 while also pursuing a master's degree in communications. Stewart currently serves on the Board of Directors for the United Way of Southern Kentucky and is also a member of the Bowling Green Rotary. He has also served two stints as the chair of Conference USA's Athletic Directors.

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APPENDIX A

GENERAL CONTINUED

Ms. Amanda L. Trabue, Vice President for Philanthropy and Alumni Engagement

Amanda L. Trabue returned to the Hill in June 2019 as the Vice President for Philanthropy & Alumni Engagement. Most recently, she served as the Associate Dean for Development and Alumni Relations for Peabody College of Education and Human Development at Vanderbilt University. She also previously served as a Regional Director of Development at Washington University in St. Louis. Amanda's career in higher education began at Western Kentucky University where she was a student caller and manager for four years in the Phonathon program. After graduation, she started as a Coordinator, then Assistant Director of Alumni Relations and Annual Giving, responsible for the Phonathon program, faculty/staff campaign, senior class challenge, alumni chapters, and reunion programming. Before departing WKU, Amanda spent three years as the Director of Development for the Gordon Ford College of Business. A two-time WKU alumna, Amanda received a Bachelor of Science in Marketing in 2002 and a Master of Business Administration in 2004.

The current members of the University's Board of Regents are as follows:

W. Currie Milliken, *Chair*
Jan M. West, *Vice Chair*
Doris C. Thomas, *Secretary*
Dr. Phillip W. Bale
Gary L. Broady
Dr. Melissa B. Dennison
Jennifer R. Hammonds, Ed. D.
Derrick G. Helm
Sam T. Kurtz
Cynthia J. Nichols
Shane Spiller, Ph. D.

OUTSTANDING BONDS OF WESTERN KENTUCKY UNIVERSITY

The University has bonds outstanding or is obligated to pay debt service on outstanding bonds, as of June 30, 2024, as follows:

General Receipts Bonds

<u>General Receipts Bonds</u>	<u>Year of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding</u>	<u>Year of Final Maturity</u>
2012 Series A	2012	\$35,860,000	\$16,730,000	2032
2013 Series A	2013	36,095,000	20,960,000	2034
2015 Series A	2015	5,960,000	1,955,000	2026
2016 Series A	2016	23,240,000	8,065,000	2026
2016 Series B	2016	8,905,000	6,530,000	2036
2016 Series C	2016	27,395,000	14,880,000	2028
2022 Series A	2022	41,685,000	41,685,000	2042
2022 Series B	2022	10,315,000	5,265,000	2026
TOTAL		\$189,455,000	\$116,070,000	

Please refer to the financial statements included in “APPENDIX B” for additional information regarding obligations of the University

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APPENDIX A

PLEGGED REVENUES

Total operating and nonoperating revenues and pledged revenues as defined by the General Receipts Trust Indenture for the most recent five fiscal years are as follows (in thousands):

	2024	2023	2022	2021	2020
<u>Actual Revenue Type</u>					
Net tuition and fees	\$89,145	\$91,656	\$96,148	\$102,999	\$120,036
Grants and contracts	185	124	26	170	261
Sales and services of educational	19,361	22,605	20,176	14,281	16,104
Auxiliary enterprises	15,170	13,984	15,146	14,694	19,846
Other operating revenues	23,015	17,465	14,847	13,236	18,792
State appropriations	83,449	85,723	78,346	71,659	73,723
Grants and contracts (non-operating)	76,864	73,251	94,347	89,887	64,430
Investment income, net	7,754	(550)	2,050	1,898	2,014
Interest on capital asset-related debt	(5,438)	(5,830)	(4,578)	(5,207)	(5,615)
Other non-operating revenues	294	(148)	(2,325)	(289)	2,577
Total operating and nonoperating revenues	\$309,799	\$298,280	\$314,183	\$303,328	\$312,168
<u>Pledged Revenue Type</u>					
Net tuition and fees	\$89,145	\$91,656	\$96,148	\$102,999	\$120,036
Local and private grants and contracts	1,926	1,764	3,361	3,262	2,875
Sales and services of educational activities	19,361	22,605	20,176	14,281	16,104
Other operating revenues	23,015	17,465	14,847	13,236	18,792
Gross state appropriations	83,449	85,723	78,346	71,659	73,723
Investment income	7,754	(550)	2,050	1,898	2,014
Other nonoperating revenues	294	(148)	(2,325)	(289)	2,577
Total pledged revenues	\$224,944	\$218,515	\$212,603	\$207,046	\$236,121

APPENDIX A

ESTIMATED DEBT SERVICE REQUIREMENTS

**WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B**

ESIMATED NET GENERAL RECEIPTS DEBT SERVICE SCHEDULE

Fiscal Year Ending 6/30	Existing Debt Service ⁽¹⁾	ESTIMATED 2024 SERIES A			ESTIMATED 2024 SERIES B			Total Debt Service
		Principal	Interest	Total P+I	Principal	Interest	Total P+I	
2025	\$6,341,130.87	-	\$238,438.10	\$238,438.10	-	\$62,650.00	\$62,650.00	\$6,642,218.97
2026	16,326,212.25	\$1,245,000	1,173,577.75	2,418,577.75	-	313,250.00	313,250.00	19,058,040.00
2027	15,610,572.76	1,280,000	1,137,045.00	2,417,045.00	-	313,250.00	313,250.00	18,340,867.76
2028	12,039,015.76	1,320,000	1,100,711.00	2,420,711.00	-	313,250.00	313,250.00	14,772,976.76
2029	12,045,475.26	1,350,000	1,063,262.00	2,413,262.00	-	313,250.00	313,250.00	14,771,987.26
2030	6,580,354.26	1,390,000	1,024,419.50	2,414,419.50	\$1,985,000	263,625.00	2,248,625.00	11,243,398.76
2031	6,580,362.13	1,430,000	983,591.00	2,413,591.00	2,085,000	161,875.00	2,246,875.00	11,240,828.13
2032	6,579,864.51	1,480,000	940,222.00	2,420,222.00	2,195,000	54,875.00	2,249,875.00	11,249,961.51
2033	6,573,596.26	1,525,000	894,236.50	2,419,236.50	-	-	-	8,992,832.76
2034	6,572,391.75	1,570,000	844,694.00	2,414,694.00	-	-	-	8,987,085.75
2035	4,016,014.00	1,625,000	790,595.25	2,415,595.25	-	-	-	6,431,609.25
2036	4,012,726.00	1,685,000	731,818.75	2,416,818.75	-	-	-	6,429,544.75
2037	4,010,784.00	1,745,000	669,913.25	2,414,913.25	-	-	-	6,425,697.25
2038	3,377,988.00	1,810,000	605,648.50	2,415,648.50	-	-	-	5,793,636.50
2039	3,379,676.00	1,880,000	538,020.50	2,418,020.50	-	-	-	5,797,696.50
2040	3,378,286.00	1,945,000	466,768.50	2,411,768.50	-	-	-	5,790,054.50
2041	3,378,818.00	2,025,000	391,423.75	2,416,423.75	-	-	-	5,795,241.75
2042	3,381,110.00	2,105,000	311,702.75	2,416,702.75	-	-	-	5,797,812.75
2043	-	2,185,000	227,825.25	2,412,825.25	-	-	-	2,412,825.25
2044	-	2,275,000	139,845.00	2,414,845.00	-	-	-	2,414,845.00
2045	-	2,370,000	47,400.00	2,417,400.00	-	-	-	2,417,400.00
Total	\$124,184,377.81	\$34,240,000	\$14,321,158.35	\$48,561,158.35	\$6,265,000	\$1,796,025.00	\$8,061,025.00	\$180,806,561.16

Note: (1) Existing debt service excludes the refunded portion of 2012 Series A Bonds.

APPENDIX A

ACADEMIC

ENROLLMENT

The following table indicates the fall semester head count and full-time equivalent enrollment at the University for each of the academic years 2013-14 through 2023-24. The full-time enrollment calculation is made by using the one-third method. The one-third method is calculated by taking full-time student enrollment plus one-third of part-time student enrollment.

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total Head Count</u>	<u>Full-Time¹ Equivalent</u>
2013-14	17,517	2,939	20,456	16,362
2014-15	17,459	2,719	20,178	16,211
2015-16	17,315	2,753	20,068	16,143
2016-17	17,601	2,676	20,277	16,200
2017-18	17,666	2,601	20,267	15,954
2018-19	17,035	2,426	19,461	15,306
2019-20	15,906	2,277	18,183	14,455
2020-21	15,287	2,231	17,518	14,225
2021-22	14,729	2,021	16,750	13,660
2022-23	14,442	2,053	16,495	13,434
2023-24	14,593	2,169	16,762	13,637

Approximately 24.8% of students enrolled at the University are nonresidents of Kentucky and in the judgment of the University the percentage should increase slightly over several years as the university continues to recruit more nonresident students. Using regional and national surveys of future college age population and historic enrollment data, and taking into consideration the policies of the Kentucky Council on Postsecondary Education relating to the enrollment requirements, the University has estimated the 2025-26 through 2028-2029 fall semester full-time equivalent enrollments at the University as follows:

<u>Academic Year</u>	<u>Estimated Fall Semester Student Enrollment (Head Count)</u>	<u>Estimated Fall Semester Student Enrollment (Full-Time Equivalent¹)</u>
2025-26	16,902	13,620
2026-27	17,128	13,845
2027-28	17,191	13,907
2028-29	17,308	14,024

¹ Full-time and part-time enrollment equated to full-time enrollment.

APPENDIX A

ACADEMIC CONTINUED

ADMISSIONS INFORMATION

The following is a summary of certain undergraduate admission information for the most recent five year period available:

	<u>FY2024</u>	<u>FY2023</u>	<u>FY2022</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>
Number of Applications	9,857	7,724	7,505	7,255	8,578	8,245
Number Approved for Enrollment	9,254	7,496	7,276	7,145	8,385	8,019
Number Enrolled	2,788	2,826	2,755	2,832	3,120	2,714
Average ACT Scores	22.0	22.0	21.6	22.3	22.5	23.0

RETENTION AND GRADUATION RATES

The following is a summary of the retention and graduation rates:

	<u>Fall 2023</u>	<u>Fall 2022</u>	<u>Fall 2021</u>	<u>Fall 2020</u>	<u>Fall 2019</u>
Retention rate (2nd fall)	78.0 %	76.6%	72.8 %	76.8%	72.9%
Six year graduation rate	<u>Fall 2017</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>
Bachelor Seeking Cohort ⁹	56.1%	54.0%	57.4%	55.1%	51.6%

FACULTY INFORMATION

The following is a summary of full-time faculty for the most recent five academic years:

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Instructional faculty	637	642	647	658	681
Other faculty	-	-	-	-	-
Total	<u>637</u>	<u>642</u>	<u>647</u>	<u>658</u>	<u>681</u>
Tenured/tenure track	484	499	499	524	531
Non-tenured track	153	143	148	134	150
Total	<u>637</u>	<u>642</u>	<u>647</u>	<u>658</u>	<u>681</u>

APPENDIX A

ACADEMIC CONTINUED

TUITION AND FEES

The Board of Regents, with the approval of the Kentucky Council on Postsecondary Education, has established a schedule of Student Registration Fees to be imposed, charged and collected from all students attending the University. The schedules of fees, effective for the periods July 1, 2021, July 1, 2022, July 1, 2023, and July 1, 2024, are as follows:

	Schedule Of Fees <u>2024-25</u>	Schedule Of Fees <u>2023-24</u>	Schedule of Fees <u>2022-23</u>	Schedule of Fees <u>2021-22</u>
<u>Registration Fee Per Semester Full Time</u>				
Resident	\$5,826	\$5,718	\$5,556	\$5,496
Non-Resident	13,500	13,500	13,500	13,500
International	13,824	13,824	13,824	13,824
Tuition Incentive Program	7,068	7,068	7,068	7,068
 <u>Registration Fee Per Hour Summer Term/Part-Time</u>				
Undergraduate				
Resident	\$485.50	\$477	\$463	\$458
Non-Resident	1,125	1,125	1,125	1,125
Tuition Incentive Program	589	589	589	589
 Graduate				
Resident	\$607	\$607	\$607	\$607
Non-Resident (Domestic)	917	917	917	917
Non-Resident (International) ¹	953	953	953	953
 Distance Learning Courses				
Undergraduate	\$551	\$551	\$551	\$551
Graduate	707	707	707	707
 Doctor of Nursing Practice				
Resident	\$663	\$663	\$663	\$663
Non-Resident	858	858	858	858
 Doctor of Physical Therapy				
Resident	\$643	\$643	\$643	\$643
Non-Resident	909	909	909	909

APPENDIX A

ACADEMIC CONTINUED

STUDENT FINANCIAL AID

A summary of the University's student financial aid is presented for the most recent three year period available:

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
<u>Scholarships & Grants</u>				
<u>Federal Grants</u>				
Pell	\$25,211,611	\$21,412,653	\$20,679,114	\$21,555,839
Supplemental Educational Opportunity	422,952	436,030	369,023	535,381
College Work Study ¹	741,320	739,962	739,962	739,962
TEACH Grant	94,801	63,653	9,902	12,707
<u>Institutional Scholarships and Awards</u>				
General	57,917,408	53,247,035	52,237,592	44,952,158
Student Employment	4,426,740	4,013,323	3,476,022	3,248,324
Athletic	5,975,493	5,705,438	5,555,198	5,861,470
State Grants (KHEAA)	28,017,954	27,060,491	20,618,609	19,527,630
<u>Aid from Outside Agencies</u>				
State Grants	850,193	804,249	711,500	738,649
Agency Scholarships	<u>n/a</u>	<u>9,365,025</u>	<u>9,123,999</u>	<u>9,161,391</u>
Subtotal Scholarships and Grants	n/a	\$123,197,464	\$113,873,906	\$106,523,826
<u>Loans</u>				
Perkins Student Loans	n/a	-	-	-
Guaranteed Student Loans	n/a	\$47,504,467	\$50,408,420	\$54,381,059
PLUS Loans	n/a	9,641,820	9,549,905	10,475,901
Grad Loans	n/a	1,869,924	1,881,911	1,748,948
Supplemental Loans for Students	<u>n/a</u>	<u>10,397,778</u>	<u>9,646,877</u>	<u>8,602,789</u>
Subtotal Loans	\$69,686,862	\$69,413,989	\$71,487,113	\$75,208,697
 TOTAL STUDENT FINANCIAL AID	 <u>n/a</u>	 <u>\$192,611,453</u>	 <u>\$185,361,019</u>	 <u>\$181,732,523</u>

APPENDIX A

FINANCIAL

BUDGET

The following is a summary of the University's budget for the most recent five fiscal years (in thousands):

	2025	2024	2023	2022	2021
University budget	\$394,230,000	\$389,944,000	\$383,447,700	\$375,677,370	\$353,210,347
Change from prior	\$4,286,000	\$6,496,300	\$7,770,330	\$22,467,023	(\$34,551,653)

STATE APPROPRIATIONS

The University's General Fund state appropriations for the five most recent fiscal years are as follows (in thousands):

Fiscal Year	Appropriation
2018-19	\$73,783,400
2019-20	73,723,300
2020-21	71,658,700
2021-22	78,345,400
2022-23	85,723,800
2023-24	83,449,700

The Board of Regents presently intends, but is not obligated, to continue to seek to have funds appropriated by the General Assembly to partially support the operations of the University. The General Assembly is not now obligated, nor will there be an obligation in the future, to make appropriations to the University. In addition, there can be no assurance that in the performance of his or her obligation to balance the state budget annually, the governor will not reduce or eliminate any appropriations which are made.

SUMMARY OF NET POSITION

The following is a summary of the University's net position for the most recent five fiscal years (in thousands):

	2023-24	2022-23	2021-22	2020-21	2019-20
Net investment in capital	\$350,092,745	\$321,410,494	\$313,822,411	\$310,822,411	\$305,361,480
Restricted					
Nonexpendable	19,138,764	16,744,356	19,854,237	17,668,486	16,289,113
Expendable	252,293	457,148	847,130	30,732,489	27,737,727
Unrestricted (negative)	195,857,457	198,3340,315	211,209,831	296,151,189	353,672,405
Total net position	\$173,626,349	\$140,271,683	\$123,313,947	\$62,532,844	(\$4,284,085)

APPENDIX A

FINANCIAL CONTINUED

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following is a summary of the University's revenues, expenses and changes in net position for the most recent five fiscal years (in thousands):

	2023-24	2022-23	2021-22	2020-21	2019-20
Operating revenues	\$146,875,616	\$145,833,957	\$146,342,508	\$145,379,872	\$175,038,943
Operating expenses	303,134,158	284,621,637	253,401,325	236,511,381	254,931,145
Net income (loss) from operations	156,258,542	138,787,680	107,058,817	91,131,509	79,892,202
Nonoperating revenues (expenses), including state appropriations	189,613,208	155,745,416	167,839,920	157,948,438	138,215,088
Increase in net position	\$33,354,666	\$16,957,736	\$60,781,103	\$66,816,929	\$58,322,886

SUMMARY OF CASH FLOWS

The following summarizes the University's statement of cash flows for the most recent five fiscal years (in thousands):

	2023-24	2022-23	2021-22	2020-21	2019-20
CASH PROVIDED (USED) BY:					
Operating activities	\$144,190,909	\$141,371,899	\$145,458,479	\$104,296,422	\$88,565,411
Noncapital financing activities	160,212,275	158,236,974	172,328,311	160,594,676	137,163,114
Capital and related financing activities	28,389,418	4,830,835	36,972,928	38,686,171	39,271,246
Investing activities	49,918,401	42,024,392	435,084	2,944,942	2,141,166
Net increase (decrease) in cash and cash equivalents	26,251,014	(29,990,152)	(10,538,180)	20,557,025	11,467,623
Cash and cash equivalents, beginning of year	83,726,795	113,716,947	124,255,127	103,698,102	92,230,479
Cash and cash equivalents, end of year	\$109,977,809	\$83,726,795	\$113,716,947	\$124,255,127	\$103,698,102

APPENDIX A

FINANCIAL CONTINUED

ENDOWMENTS

Endowment investments, classified as noncurrent assets, for the most recent five fiscal years are summarized as follows (in thousands):

<u>Fiscal Year</u>	<u>Market Value</u>
2019-20	\$191,200,000
2020-21	239,600,000
2021-22	218,000,000
2022-23	241,700,000
2023-24	260,500,000

The long-term returns for the period ending June 30, 2024 are summarized below:

<u>Period</u>	<u>Return Value</u>
1 year	13.4%
3 year	5.0%
5 year	10.2%

GRANTS AND CONTRACTS

The following is a summary of grant and contract awards for the five most recent fiscal years (in thousands):

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Federal awards	\$44,344,095	\$43,013,634	\$69,610,862	\$65,892,088	\$39,815,267
State awards	30,583,530	28,883,572	22,627,323	20,587,609	20,409,541
Other awards	1,936,064	1,353,789	2,108,863	3,407,739	4,205,030
Total	<u>\$76,863,689</u>	<u>\$73,250,995</u>	<u>\$94,347,048</u>	<u>\$89,887,436</u>	<u>\$64,429,838</u>

PRIVATE DONATIONS

The following table shows private donations and contributions collected by fiscal year for the most recent five year period available. Amounts shown are inclusive of all related foundations.

<u>Fiscal Year</u>	<u>Number of Donors Participating</u>	<u>Total Voluntary Support</u>
2018-19	13,930	\$23,170,063
2019-20	12,303	21,866,562
2020-21	11,550	19,755,512
2021-22	11,873	23,889,918
2022-23	9,502	20,387,570
2023-24	10,508	19,500,000

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX B

CONSOLIDATED FINANCIAL STATEMENTS OF
WESTERN KENTUCKY UNIVERSITY AS OF AND FOR
THE YEARS ENDED JUNE 30, 2024

Note: The Auditor's Report and Financial Statements for the fiscal year ending June 30, 2024 of Western Kentucky University are included in this APPENDIX B. Potential purchasers of the 2024 Bonds are reminded that the 2024 Bonds are secured solely by, and payable solely from, the General Receipts described in the forepart and "APPENDIX C – SUMMARY OF THE ORIGINAL TRUST AGREEMENT" of this Official Statement and that revenues and activities described in the enclosed Auditor's Report for Western Kentucky University other than General Receipts have not been pledged and are not legally required to be available to pay debt service on the 2024 Bonds.

FORVIS, LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. FORVIS, LLP also has not performed any procedures relating to this Official Statement.

WESTERN KENTUCKY UNIVERSITY

(A Component Unit of the Commonwealth of Kentucky)
Bowling Green, Kentucky

**REPORT ON AUDIT OF INSTITUTION OF
HIGHER EDUCATION IN ACCORDANCE
WITH UNIFORM GUIDANCE**

June 30, 2024 and 2023

WESTERN KENTUCKY UNIVERSITY
Bowling Green, Kentucky

REPORT ON AUDIT OF INSTITUTION OF
HIGHER EDUCATION IN ACCORDANCE
WITH UNIFORM GUIDANCE

June 30, 2024 and 2023

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Independent Auditor's Report

Board of Regents
Western Kentucky University
Bowling Green, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities of Western Kentucky University (University), collectively, a component unit of the Commonwealth of Kentucky, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units, and the fiduciary activities of the University as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of College Heights Foundation, Inc., which represent 59%, 77%, and 60%, respectively, of the total assets, net assets, and total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2024. We did not audit the financial statements of Western Kentucky University Foundation, Inc. and College Heights Foundation, Inc., which represent 56%, 76%, and 49%, respectively, of the total assets, net assets, and total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Western Kentucky University Foundation, Inc. and College Heights Foundation, Inc., are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of WKU Student Life Foundation, Inc., Western Kentucky University Foundation, Inc., and College Heights Foundation, Inc., component units, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 University'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 University'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, pension, and other postemployment benefit plan information 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 University's basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the schedule of expenditures of federal awards is 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 October 4, 2024, on our consideration of the University'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 University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Louisville, Kentucky
October 4, 2024**

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Overview

Management's Discussion and Analysis (MD&A) of Western Kentucky University's ("WKU" or the "University") financial statements is intended to provide an overview of the financial position, changes in financial position and cash flows of the University as of and for the fiscal years ended June 30, 2024 and 2023, with comparative information as of and for the year ended June 30, 2022. MD&A, in addition to the financial statements and the footnote disclosures, is the responsibility of University management. Management suggests this discussion be read in conjunction with the audited financial statements and notes appearing in this report.

About Western Kentucky University

Western Kentucky University, founded in 1906, is part of the public Kentucky postsecondary education system which offers more than 180 academic degree programs at the baccalaureate and graduate degree levels.

Western Kentucky University's mission is to prepare students of all backgrounds to be productive, engaged, and socially responsible citizen-leaders of a global society. The University provides research, service and lifelong learning opportunities for its students, faculty, and other constituents. WKU enriches the quality of life for those within its reach.

WKU is governed by an 11-member Board of Regents, 8 of whom are appointed by the governor and 3 of whom are constituency representative elected by faculty, staff, and students of the University. The Board of Regents sets policy and provides oversight on the operations of the University. The governing board approves the annual budget, tuition rates and applicable student fees.

Reporting Entity

The University is a component unit of the Commonwealth of Kentucky. The financial statements of the University include the University and its blended component unit, the Western Kentucky University Research Foundation.

Financial statements have also been included for the University's discretely presented component units, in accordance with the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. For fiscal year 2024, these component units are the College Heights Foundation, Inc. and the WKU Student Life Foundation, Inc. For fiscal years 2023 and 2022, Western Kentucky University Foundation, Inc. was also a separate component unit prior to merging into the College Heights Foundation. Financial statements for these entities consist of Statements of Financial Position (balance sheets) and Statements of Activities (income statements). These statements are prepared in accordance with the appropriate Financial Accounting Standards Board ("FASB") pronouncements.

All financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

An independent audit, performed by Forvis Mazars, LLP, provides an opinion on the basic financial statements taken as a whole. Forvis Mazars, LLP has expressed an unmodified opinion on the financial statements stating that such statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the year then ended. Included in these financial statements are the financial statements of the Western Kentucky University Research Foundation, which is a blended component unit of the University's financial statements. Also included are the financial statements of the College Heights Foundation and the Student Life Foundation for fiscal year 2024 (as well as Western Kentucky University Foundation for earlier years), which are each discretely presented within the financial statements of the University. Forvis Mazars, LLP received and relied upon audit reports prepared and work performed by other auditors as a basis of their opinion on the University's financial statements.

Forvis Mazars, LLP has applied certain limited procedures consisting principally of inquiries of management regarding the methods of measurement and presentation of MD&A, which the Governmental Accounting Standards Board ("GASB") has determined to be supplementary information required to accompany but not be part of the basic financial statements. Forvis Mazars, LLP, however, did not audit such information and did not express an opinion on it.

Fiscal Year 2024 Highlights

The financial viability of a public university is a function of a secure and preferably growing enrollment base, solid and preferably growing private giving, and state funding. It is noted that a majority of the assets of the College Heights Foundation are held and expended through the Foundation and are not recognized in the University stand-alone financial statements except for capital asset purchases transferred to the University. Per state requirements, the "Bucks for Brains" state-funded endowment funds flow through the University but are transferred to the Foundation for investment and management purposes.

The following data is provided to help assess the financial viability of the University:

	<u>Fall 2023</u>	<u>Fall 2022</u>	<u>Fall 2021</u>
<u>Enrollment Base (Headcount)</u>			
Undergraduate applications	7,720	7,505	7,255
Undergraduate enrollment (including returning students)	14,590	14,440	14,729
First-time freshmen	2,822	2,755	2,832
Total graduate enrollment	2,169	2,053	2,021
Total enrollment	16,759	16,493	16,750

(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

The following data, with a comparison between the 2023/2024, 2022/2023, and 2021/2022, school years, is provided to help assess the financial viability of the University:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>Supporting Foundations</u>			
Endowments	\$ 260.5 million	\$ 241.7 million	\$ 218.0 million
Total cash receipts	\$ 19.5 million	\$ 20.4 million	\$ 22.2 million
<u>State Appropriations</u>			
General non-operating revenue	\$ 83,449,700	\$ 85,723,800	\$ 78,345,400
Capital appropriation	<u>26,690,277</u>	<u>3,299,336</u>	<u>-</u>
Total	<u>\$ 110,139,977</u>	<u>\$ 89,023,136</u>	<u>\$ 78,345,400</u>

Statement of Net Position

The Statement of Net Position presents the financial position of the University as of the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University. The change in net position is an indicator of whether the overall financial position has improved or worsened during the year and over time. One can think of net position as one method to measure the University's financial strength. Many non-financial factors, such as strategic planning assessments, the trend in admissions, applications and student retention, the condition of the University's capital assets and the quality of the faculty also need to be considered to assess the overall health of the University.

Restricted net position is subject to externally imposed restrictions governing its use. The corpus of non-expendable restricted resources is only available for investment purposes. Although unrestricted net position is not subject to externally imposed stipulations, a significant portion of these assets has been internally designated to fund encumbrances brought forward from the prior fiscal year, working capital requirements, emergency reserve, and specific support of academic and support programs. Allocations of position is set by University policy or approved by the Board of Regents.

The University entered into a new banking contract with JPMorgan Chase during FY 2024. WKU has adjusted its investment and cash management strategy through this relationship, which resulted in all noncurrent investments shifting from noncurrent assets to current assets while earning optimal returns on cash balances. This shift in strategy strengthens the University's current assets and remains in compliance with the University's investment policy established on January 9, 2023.

(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

A summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of June 30, 2024, 2023, and 2022, is as follows:

Condensed Statement of Net Position (in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Current and non-current other assets	\$ 152,688	\$ 170,303	\$ 155,214
Capital assets, net	434,647	411,716	450,213
Lease and subscription assets, net	<u>30,897</u>	<u>33,628</u>	<u>-</u>
Total assets	<u>618,232</u>	<u>615,647</u>	<u>605,427</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on bond refunding	1,215	1,652	2,198
Pension and OPEB outflows	<u>41,016</u>	<u>42,294</u>	<u>37,032</u>
Total deferred outflows of resources	<u>42,231</u>	<u>43,946</u>	<u>39,230</u>
Total assets and deferred outflows of resources	<u>\$ 660,463</u>	<u>\$ 659,593</u>	<u>\$ 644,657</u>
LIABILITIES			
Long-term obligations (current and non-current)	\$ 118,906	\$ 131,775	\$ 134,481
Lease and subscription liabilities	30,110	31,269	-
Net pension liability	202,073	206,908	199,582
Net OPEB liability	21,393	43,221	35,398
Other liabilities	31,195	25,965	21,259
Unearned revenue	<u>44,037</u>	<u>44,896</u>	<u>47,253</u>
Total liabilities	<u>447,714</u>	<u>484,034</u>	<u>437,973</u>
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB inflows	37,609	33,515	82,070
Lease inflows	<u>1,513</u>	<u>1,773</u>	<u>1,300</u>
Total deferred inflows of resources	<u>39,122</u>	<u>35,288</u>	<u>83,370</u>
NET POSITION			
Net investment in capital assets	350,093	321,410	313,823
Restricted			
Non-expendable	19,139	16,744	19,854
Expendable	252	457	847
Unrestricted	<u>(195,857)</u>	<u>(198,340)</u>	<u>(211,210)</u>
Total net position	<u>173,627</u>	<u>140,271</u>	<u>123,314</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 660,463</u>	<u>\$ 659,593</u>	<u>\$ 644,657</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position summarizes all financial transactions that increase or decrease net position. The purpose of the statement is to present the revenues from providing goods and services, expenses incurred to acquire and deliver the goods and services and other revenues, expenses and gains and losses recognized by the University. Financial activities are reported as either operating or non-operating. The most significant source of non-operating revenue for fiscal year 2024 is state appropriations. State appropriations are non-operating because these funds are non-exchange revenues provided by the General Assembly to the University without the General Assembly directly receiving commensurate value (goods and services) for those revenues. Other important non-operating revenue sources include non-exchange grants and contracts. Accordingly, the University reports net operating losses of \$(156,258,542), \$(138,787,680), and \$(107,058,817), for fiscal years 2024, 2023, and 2022, respectively.

A summary of the University's activities for the years ended June 30, 2024, 2023, and 2022 is as follows:

Statement of Revenues, Expenses, and Changes in Net Position (in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues			
Net tuition and fees	\$ 89,145	\$ 91,656	\$ 96,148
Grants and contracts	185	124	26
Sales and services of educational departments	19,361	22,605	20,176
Auxiliary enterprises	15,170	13,984	15,146
Other	<u>23,015</u>	<u>17,465</u>	<u>14,847</u>
Total operating revenues	<u>146,876</u>	<u>145,834</u>	<u>146,343</u>
Operating expenses	<u>303,134</u>	<u>284,622</u>	<u>253,401</u>
Operating loss	<u>(156,258)</u>	<u>(138,788)</u>	<u>(107,058)</u>
Non-operating revenues (expenses)			
State appropriations	83,449	85,723	78,346
Grants and contracts	76,864	73,251	94,347
Investment income (loss), net	7,754	(550)	2,050
Interest on capital asset-related debt	(5,438)	(5,830)	(4,578)
Other	<u>294</u>	<u>(148)</u>	<u>(2,325)</u>
Net non-operating revenues	<u>162,923</u>	<u>152,446</u>	<u>167,840</u>
Gain (loss) before capital contributions	6,665	13,658	60,782
State capital appropriation	<u>26,690</u>	<u>3,299</u>	<u>-</u>
Increase in net position	33,355	16,957	60,782
Net position, beginning of year	<u>140,271</u>	<u>123,314</u>	<u>62,532</u>
Net position, end of year	<u>\$ 173,626</u>	<u>\$ 140,271</u>	<u>\$ 123,314</u>

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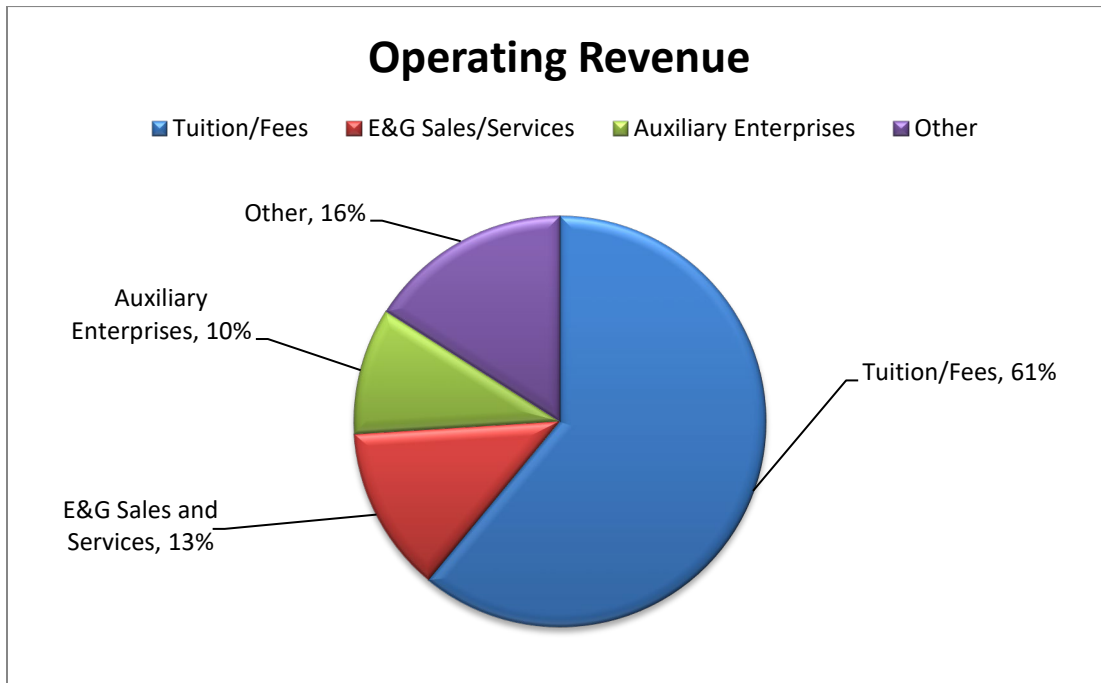
Operating Revenues

Operating revenues include all transactions that result in the sales of goods and services. For the University, the most significant operating revenue is student tuition and fees. Student tuition and fees revenue is a function of enrollment and rates approved by the University's Board of Regents. Other operating revenue is due to University operations such as health services, conferences and workshops, the farm, the police department, and athletics.

As noted in the aforementioned enrollment data, the University's total headcount enrollment increased by approximately 1.6% between fall 2022 (16,493 students) and fall 2023 (16,759 students). As of fall 2023, approximately 75.2% of students enrolled at the University were Kentucky residents. An additional 11.9% of the student population came from Tennessee with many coming to the University through a state reciprocity agreement (*i.e.*, enrolled at in-state rates) or in the Tuition Incentive Program.

Tuition and fees revenue is recorded in the financial statements net of scholarship allowances, gift scholarships, and institutional aid. A scholarship allowance is the difference between the stated charges for goods and services provided by the institution and the amount that is billed to students and third parties making payments on behalf of students. College Access Program and KEES Program have been included in the scholarship allowance after these sources have been used to satisfy a student's fees and charges. Any excess aid disbursed to the student is recognized as a student financial aid expense. Net tuition and fees, as of June 30, 2024, 2023, and 2022, were approximately 49.3%, 52.6%, and 54.6%, respectively, of the gross tuition and fees with approximately \$91.9 million, \$82.7 million, and \$79.8 million, respectively, being recorded as scholarship allowance.

The distribution of FY 2024 operating revenue, by source, is summarized as follows:



(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Grants and Contracts Awards (Excluding Financial Aid)

The University is awarded grants and contracts by various external agencies. These grants and contracts awards represent amounts that will be recognized as revenue when the service is provided regardless of when cash is exchanged. Thus, the operating and non-operating revenue generated by such grants and contracts will equal the actual expenses in a given fiscal year.

The grant and contract awards received in a given year are frequently multi-year awards for which only the current year activity related to the award will be recorded (*i.e.*, any cash received in excess of expenses incurred will be recorded as unearned revenue). Additionally, awards related to future periods are not recorded in the University's financial statements. The following chart provides a three-year comparison of total grants and contracts awarded (not received/recorded) during fiscal years 2024, 2023, and 2022.

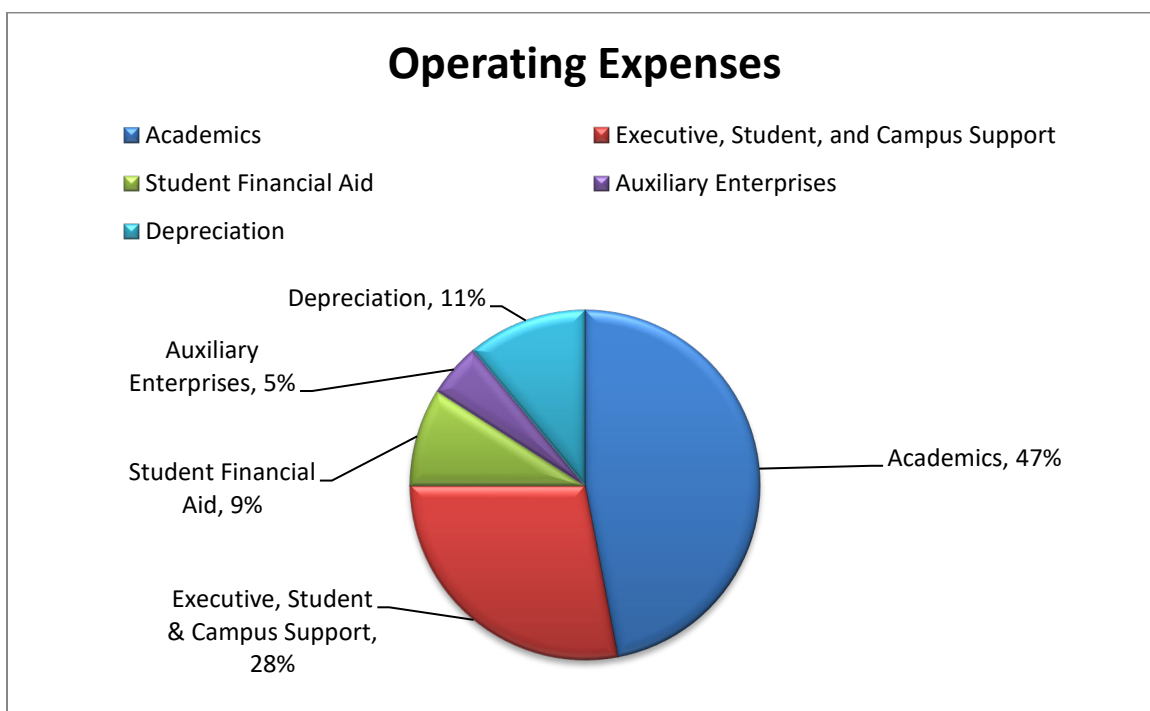
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Federal	\$ 24,421,274	\$ 15,775,965	\$ 18,962,167
State	4,291,883	2,438,536	1,672,776
Other	<u>1,926,225</u>	<u>1,764,498</u>	<u>3,360,606</u>
 Total	 <u>\$ 30,639,382</u>	 <u>\$ 19,978,999</u>	 <u>\$ 23,995,549</u>

Operating Expenses

Operating expenses are all costs necessary to meet the University's mission, goals and objectives through a broad array of programs and activities. Expenses other than depreciation are reported by program classification (*e.g.*, instruction, research, public service, auxiliary enterprises). Depreciation and amortization are recognized as an expense and a reduction in the value of the capital, lease, and subscription assets. The following graph summarizes expenses as academics, executive, student and campus support, student financial aid, depreciation, and auxiliary enterprises. Academics include the program classification categories of instruction, research, public service, libraries and academic support. Executive, student, and campus support includes student services, institutional support, and operation and maintenance of the plant.

(Continued)

The distribution of FY 2024 operating expenses, by source, is summarized as follows:



Non-operating Revenues and Expenses

Non-operating revenues are all revenues that are primarily non-exchange in nature. The most significant single source of non-operating revenue for the University is state appropriations for other than capital purposes. Other sources include many grants and contracts, endowment contributions, and investment income.

The University's investments consisted primarily of collateralized mortgage obligations and its equity in Commonwealth of Kentucky pooled investment funds for fiscal year 2022. In 2023, the new short-term investment policy added equity securities, US Government and agency bonds, corporate obligations, and commercial paper to the University's investment portfolio for both fiscal years 2024 and 2023.

Investment income for the years ended June 30, 2024, 2023, and 2022 is comprised of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Investment income (loss)	\$ 5,206,923	\$ 2,685,355	\$ (135,657)
Net change for the year in the fair value of investments	<u>2,547,003</u>	<u>(3,235,359)</u>	<u>2,185,751</u>
Total investment income (loss)	<u>\$ 7,753,926</u>	<u>\$ (550,004)</u>	<u>\$ 2,050,094</u>

State appropriations were \$83,449,700, \$85,723,800, and \$78,345,400, for the years ended June 30, 2024, 2023, and 2022, respectively.

(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Change in Net Position

For the years ended June 30, 2024, 2023, and 2022, the University's net position increased by \$33,354,666, \$16,957,736, and \$60,781,103, respectively.

The year-end net position as of June 30, 2024, 2023, and 2022 was \$173,626,349, \$140,271,683, and \$123,313,947, respectively.

Statements of Cash Flows

The Statements of Cash Flows present data related to the University's cash inflows and outflows summarized by operating, non-capital financing, capital, and related financing and investing activities. The primary purpose of the Statements of Cash Flows is to provide information about the cash receipts and cash payments by the University that will allow for the assessment of the University's ability to generate net cash flows and to meet obligations as they come due. Under certain circumstances, such an analysis might demonstrate a university's need for external financing. The Statements of Cash Flows are broken into the following sections:

- Operating cash flows and the net cash used for the operating activities of the University
- Cash flows from non-capital financing activities
- Cash flows from capital and related financing activities
- Cash flows from investing activities
- Reconciliation of the net cash flows from operating activities to the operating loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2024, 2023, and 2022, respectively, the major sources of cash received for operating activities were tuition and fees of \$90,488,500, \$89,227,306 and \$101,720,495; sales and services of educational departments of \$19,360,432, \$22,605,447, and \$20,176,276; and auxiliary enterprises of \$15,169,419, \$13,984,417, and \$15,145,407. Major uses of cash for operating activities were payments to employees for salaries and benefits of \$178,210,205, \$169,818,194, and \$175,337,544; and to suppliers and contractors of \$94,782,781, \$102,756,517, and \$112,291,614 at June 30, 2024, 2023, and 2022, respectively. A majority of the non-capital financing activities are state appropriations and grants and contracts. Principal and interest paid on capital debt, leases liabilities, and subscription liabilities are recognized as capital and related financing activities. Investing activities recognize the cash flows from proceeds from sales and maturities of investments and interest receipts.

(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

The Statements of Cash Flows are summarized as follows:

Condensed Statements of Cash Flows (in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash Provided By (Used In)			
Operating activities	\$(144,715)	\$(141,372)	\$(145,458)
Non-capital financing activities	160,212	158,237	172,328
Capital and related financing activities	(39,164)	(4,831)	(36,973)
Investing activities	<u>49,918</u>	<u>(42,024)</u>	<u>(435)</u>
Net increase (decrease) in cash and cash equivalents	26,251	(29,990)	(10,538)
Cash and cash equivalents, beginning of year	<u>83,727</u>	<u>113,717</u>	<u>124,255</u>
Cash and cash equivalents, end of year	<u>\$ 109,978</u>	<u>\$ 83,727</u>	<u>\$ 113,717</u>

Capital Asset and Long-term Obligations

Capital Assets

As of June 30, 2024, 2023, and 2022, the University had \$434.6 million, \$411.7 million, and \$417.5 million invested in capital assets, net of accumulated depreciation of \$520.9 million, \$494.2 million, and \$466.5 million, respectively. Capital assets at June 30, 2024, 2023, and 2022 are summarized below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	\$ 14,075,527	\$ 14,075,527	\$ 14,185,528
Buildings and improvements	643,572,250	636,427,594	633,605,604
Infrastructure	80,952,616	73,750,963	72,111,843
Furniture, fixtures, and equipment	98,082,020	94,093,109	90,927,623
Library materials	72,039,924	69,896,815	67,432,992
Construction in progress	<u>46,825,321</u>	<u>17,666,788</u>	<u>5,734,346</u>
Total capital assets	955,547,658	905,910,796	883,997,936
Less accumulated depreciation	<u>(520,900,841)</u>	<u>(494,194,690)</u>	<u>(466,533,217)</u>
Capital assets, net	<u>\$ 434,646,817</u>	<u>\$ 411,716,106</u>	<u>\$ 417,464,719</u>

The major construction projects in progress as of June 30, 2024 include the ongoing construction of a new College of Business educational building, an Athletics Press Box, and a new Hilltopper Field House building.

(Continued)

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Lease Assets

As of June 30, 2024, 2023 and 2022 the University had \$34.8 million, \$35.3 million, and \$34.9 million invested in lease assets, net of accumulated amortization of \$6.1 million, \$4.5 million, and \$2.1 million, respectively. Lease assets at June 30, 2024, 2023, and 2022 are summarized below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Real estate	\$ 34,702,377	\$ 34,702,377	\$ 34,249,615
Equipment	-	578,550	553,648
Vehicles	<u>114,018</u>	<u>63,242</u>	<u>63,242</u>
Total lease assets	34,816,395	35,344,169	34,866,505
Less accumulated depreciation	<u>(6,122,545)</u>	<u>(4,542,106)</u>	<u>(2,118,369)</u>
Lease assets, net	<u>\$ 28,693,850</u>	<u>\$ 30,802,063</u>	<u>\$ 32,748,136</u>

Subscription Assets

As of June 30, 2024 and 2023, the University had subscription assets of \$5.0 million and \$5.1 million, net of accumulated amortization of \$2.8 million and \$2.3 million, respectively.

Pension and Other Postemployment Benefits ("OPEB")

The University participates in Kentucky Employees' Retirement System ("KERS") and Kentucky Teachers' Retirement System ("KTRS") (referred to collectively as "the Plans"), which are cost-sharing, multiple-employer defined benefit pension and OPEB plans. The University's contributions to the Plans are actuarially determined and statutorily required. These statutorily required contributions constitute the full legal funding requirements of the University for the participation of its employees in the Plans. The University recognizes a proportionate share of the State's collective pension and OPEB liability for the Plans under Government Accounting Standards Board (GASB) statements 68 for pension and 75 for OPEB. The proportion of pension and OPEB liability is distributed based on the University's covered payroll and/or actual employer contributions to the Plans, whichever is consistent with the manner in which contributions to the individual plans are determined.

The University is also required to recognize pension and OPEB expense and report deferred outflows of resources and deferred inflows of resources related to pension and OPEB for its proportionate share, and these amounts primarily result from changes in the components of the net pension and OPEB liability - that is, changes in the total pension and OPEB liability and in the Plans' fiduciary net position. Changes in the net pension and OPEB liability not included in pension and OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources. If these deferred amounts will serve to decrease pension and OPEB expense upon recognition, they are classified as deferred inflows. If the deferred amounts will increase pension and OPEB expense upon recognition, they are classified as deferred outflows. Employer contributions subsequent to the measurement date of the net pension and OPEB liability are required to be reported as deferred outflows of resources.

Although accounting standards require the recognition of the net pension and OPEB liability, the related deferred outflows of resources and deferred inflows of resources, and additional actuarially determined defined-benefit pension and defined-benefit OPEB expense, they do not represent legal claims on the Organization's resources and there are no additional cash flows or funding requirements outside of the statutorily required contributions.

WESTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Under KERS, a separate plan exists for Nonhazardous and Hazardous duty employees. For the fiscal years ended June 30, 2024 and 2023, participating employers in the KERS Nonhazardous plan contributed 9.97%, as set by Kentucky Public Pensions Authority ("KPPA"), of each Nonhazardous employee's creditable compensation, which was a decrease from the 10.10% required contributions for the year ended June 30, 2022. For the fiscal years ended June 30, 2024 and 2023, participating employers in the KERS Hazardous plan contributed 31.82% as set by KPPA, of each Hazardous employee's creditable compensation, which was a decrease from the 33.43% required contributions for the year ended June 30, 2022. Total employer contributions to KERS were \$11,172,430, \$11,188,447, and \$11,454,974 for the years ended June 30, 2024, 2023, and 2022, respectively.

All full-time University faculty members and certain other staff occupying a position requiring certification or graduation from a four-year college or university as a condition of employment are covered by KTRS. For the fiscal years ended June 30, 2024 and 2023, the University was contractually required to contribute between 9.775% and 15.865% based on employee entry dates into the plan. Total employer contributions to KTRS were \$7,010,874, \$6,943,857, and \$6,687,887 for the years ended June 30, 2024, 2023, and 2022, respectively.

The University's net pension and OPEB liabilities were \$223,465,907, \$250,129,235, and \$234,979,309 as of June 30, 2024, 2023, and 2022, respectively. Total pension and OPEB expenses were \$(21,290,613), \$(38,667,518), and \$(56,053,741) for the years ended June 30, 2024, 2023, and 2022, respectively. Total deferred outflows related to pension and OPEB were \$41,016,224, \$42,294,431, and \$37,032,158 and total deferred inflows were \$37,608,800, \$33,514,292, and \$82,069,462 for the years ended June 30, 2024, 2023, and 2022, respectively.

Long-Term Obligations

As of June 30, 2024, 2023, and 2022, the University had \$149.0 million, \$163.0 million, and \$134.5 million, respectively, in long-term obligations consisting of bonds payable (Consolidated Educational Buildings Revenue Bonds and General Receipts Bonds), lease liabilities, subscription liabilities, and other long-term obligations. The total long-term obligations, including the current portion, are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Pledges to the City	\$ -	\$ -	\$ 10,359,186
General receipts bonds	118,876,246	131,732,014	93,536,546
Leases	28,458,131	29,212,910	29,952,161
Subscriptions	1,652,447	2,056,022	-
Other long-term obligations	<u>29,461</u>	<u>43,125</u>	<u>633,565</u>
Total	<u>\$ 149,016,285</u>	<u>\$ 163,044,071</u>	<u>\$ 134,481,458</u>

Economic Factors Impacting Future Periods

The following are known facts and circumstances that may affect the future financial viability of the University:

- WKU's fall 2023 total enrollment of 16,759 represents the first increase in overall degree-seeking enrollment since 2010 and the first increase in overall enrollment since 2016. In addition, first-time freshmen enrollment increased by 71 students. WKU's continuing emphasis on student success has resulted in an increase in retention rates from 72.8 percent in fall 2021 to 78.0 percent in fall 2023. Continued emphasis on student success and retention will help stabilize a recurring revenue base.
- The Council on Postsecondary Education (CPE) has the statutory responsibility to approve tuition rates. Significant emphasis continues to be placed on setting tuition rates with modest increases that will not impede economic access to postsecondary education. CPE enacted a tuition and fee-setting schedule enabling universities to raise tuition up to 5 percent through fiscal year 2024-25, with a one-year maximum of 3 percent. CPE approved a tuition increase of 3 percent at WKU for fiscal year 2024 and 2 percent for fiscal year 2025.
- Kentucky House Bill 6, passed by the 2024 Regular Session of the Kentucky General Assembly, provides a state expenditure plan for the 2024-26 biennium. Overall state appropriation for WKU will increase by \$3.3 million in FY 2025 primarily due to a 4.5%, or \$3.1 million, inflationary increase. In addition, approximately \$57,162,000 has been provided in state capital funds for deferred maintenance along with \$160,000,000 to construct a new Academic Complex building, which houses the College of Health and Human Services.
- The 2023-24 academic year completed the sixth year of the WKU Strategic Plan, Climbing to Greater Heights 2018-2028. The reaffirmation process through the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is underway with final reports for this cycle due in 2024 and 2025. Accompanied by the merger of the WKU and College Heights Foundations, WKU concluded its most successful decade of fundraising to further learning opportunities within and outside the classroom for our students. WKU provides an affordable, student-centered, total college experience where in class learning and applied research combine to prepare students to live and excel in a global society.
- WKU's upcoming fiscal year 2025 budget includes a reduction to expenditures that is expected to better align planned expenses to anticipated revenue. This strategy will primarily be achieved through an approximate \$15 million reduction to department expenditure budgets in fiscal year 2025.

WESTERN KENTUCKY UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 72,643,516	\$ 41,525,955
Short-term investments	-	12,337,463
Accounts receivable, net of allowance of \$2,412,640 and \$2,619,697 for 2024 and 2023, respectively	10,951,038	12,253,554
Federal and state grants receivable	7,152,440	5,443,555
State capital contribution receivable	1,600,195	3,299,336
Lease receivable	778,903	715,359
Inventories	89,692	44,064
Loans to students	2,109	25,651
Prepaid expenses and other	<u>1,584,494</u>	<u>1,581,634</u>
Total current assets	<u>94,802,387</u>	<u>77,226,571</u>
Noncurrent assets		
Restricted cash and cash equivalents	37,334,293	42,200,840
Noncurrent investments	292,004	31,829,670
Loans to students, net of allowance of \$548,366 each year	14,115	171,661
Assets held in trust	19,488,667	17,806,470
Lease receivable	755,832	1,067,431
Capital assets – non-depreciable	60,900,848	31,742,315
Capital assets – depreciable	894,646,810	874,168,481
Accumulated depreciation	(520,900,841)	(494,194,690)
Lease assets, net	28,693,850	30,802,063
Subscription assets, net	<u>2,203,617</u>	<u>2,826,169</u>
Total noncurrent assets	<u>523,429,195</u>	<u>538,420,410</u>
 Total assets	 <u>618,231,582</u>	 <u>615,646,981</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	1,214,870	1,652,017
Deferred outflows – KTRS Pension	17,291,309	14,726,615
Deferred outflows – KERS Non-Hazardous Pension	9,327,328	8,350,140
Deferred outflows – KERS Hazardous Pension	1,259,888	1,324,984
Deferred outflows – KERS OPEB	3,457,972	5,861,487
Deferred outflows – KTRS OPEB	<u>9,679,727</u>	<u>12,031,205</u>
 Total deferred outflows of resources	 <u>42,231,094</u>	 <u>43,946,448</u>
 Total assets and deferred outflows of resources	 <u>\$ 660,462,676</u>	 <u>\$ 659,593,429</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 14,318,138	\$ 9,836,373
Self-insured health liability	1,131,464	1,217,850
Self-insured workers' compensation liability	184,155	199,038
Accrued payroll and withholdings	7,660,436	7,081,454
Accrued compensated absences	5,449,171	5,121,154
Accrued interest	982,597	1,376,647
Unearned revenue	44,037,386	44,895,727
Long-term obligations - current	13,315,131	12,869,432
Lease liabilities - current	1,138,654	789,684
Subscription liabilities - current	758,085	1,460,876
Deposits held in custody for others	<u>1,468,549</u>	<u>1,132,515</u>
Total current liabilities	<u>90,443,766</u>	<u>85,980,750</u>
Non-current liabilities		
Long-term obligations	105,590,576	118,905,707
Lease liabilities	27,319,477	28,423,226
Subscription liabilities	894,362	595,146
Net pension liability – KTRS	84,031,212	75,517,054
Net pension liability – KERS Non-Hazardous	116,017,893	128,496,201
Net pension liability – KERS Hazardous	2,024,083	2,894,770
Net OPEB liability – KERS	5,350,719	22,614,210
Net OPEB liability – KTRS	<u>16,042,000</u>	<u>20,607,000</u>
Total non-current liabilities	<u>357,270,322</u>	<u>398,053,314</u>
Total liabilities	<u>447,714,088</u>	<u>484,034,064</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows – KTRS Pension	6,595,706	14,390,903
Deferred inflows – KERS Non-Hazardous Pension	4,956,481	1,501,009
Deferred inflows – KERS Hazardous Pension	302,910	114,054
Deferred inflows – KERS OPEB	14,216,703	5,984,326
Deferred inflows – KERS OPEB	11,537,000	11,524,000
Leases	<u>1,513,439</u>	<u>1,773,390</u>
Total deferred inflows	<u>39,122,239</u>	<u>35,287,682</u>
NET POSITION		
Net investment in capital assets	350,092,745	321,410,494
Restricted		
Non-expendable - endowments	19,138,764	16,744,356
Expendable		
Loans	252,297	457,148
Unrestricted	<u>(195,857,457)</u>	<u>(198,340,315)</u>
Total net position	<u>173,626,349</u>	<u>140,271,683</u>
Total liabilities, deferred inflows and net position	<u>\$ 660,462,676</u>	<u>\$ 659,593,429</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
 WKU STUDENT LIFE FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 28,255,866	\$ 24,067,633
Accounts receivable - Western Kentucky University	821,225	713,074
Accounts receivable - students - net of allowance of \$704,465 and \$550,169 for 2024 and 2023, respectively	230,903	464,657
Net investment in direct financing lease - related party	1,160,493	1,273,027
Prepaid expenses	408,021	328,804
Assets limited as to use	8,234,108	8,091,536
Property and equipment, net	<u>137,922,230</u>	<u>141,737,680</u>
Total assets	<u>\$ 177,032,846</u>	<u>\$ 176,676,411</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,361,319	\$ 1,444,899
Accrued expenses	435,947	429,241
Prepaid rent from students	45,313	47,608
Asset retirement obligation	794,269	794,269
Deferred revenue – Hilltopper Hub and First Year Village	2,387,443	2,515,500
Long-term debt, net of unamortized debt issue costs	<u>102,766,214</u>	<u>109,730,686</u>
Total liabilities	107,790,505	114,962,203
Net Assets		
Without donor restrictions	<u>69,242,341</u>	<u>61,714,208</u>
Total liabilities and net assets	<u>\$ 177,032,846</u>	<u>\$ 176,676,411</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
COLLEGE HEIGHTS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2023

	<u>2023</u>
ASSETS	
Cash and cash equivalents	\$ 6,355,782
Investments	207,047,019
Pledges receivable, net	3,268,557
Prepaid expenses and other assets	150,919
Beneficial interest in third-party trusts	14,360,580
Property, net	1,208,310
Assets held for others	<u>25,045,200</u>
Total assets	<u>\$ 257,436,367</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 802,931
Other payables	193,876
Deferred gift liabilities	3,529,843
Liability for assets held for others	<u>25,045,200</u>
Total liabilities	29,571,850
Net assets	
Without donor restrictions	13,792,166
With donor restrictions	<u>214,072,351</u>
Total net assets	<u>227,864,517</u>
Total liabilities and net assets	<u>\$ 257,436,367</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
COLLEGE HEIGHTS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

	<u>2022</u>
ASSETS	
Cash and cash equivalents	\$ 3,084,761
Interest and dividends receivable	62,561
Investments	90,947,534
Accounts receivable	6,500
Other assets	16,981
Pledges receivable, net	757,274
Beneficial interest in third-party trusts	6,365,312
Assets held for others	3,346,425
Fixed assets, net of depreciation	<u>955,180</u>
Total assets	<u>\$ 105,542,528</u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 1,551
Refundable advances and gift annuity liabilities	2,594,171
Liability for assets held for others	<u>3,346,425</u>
Total liabilities	5,942,147
Net assets	
Without donor restrictions	3,011,231
With donor restrictions	<u>96,589,150</u>
Total net assets	<u>99,600,381</u>
Total liabilities and net assets	<u>\$ 105,542,528</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
WESTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

	<u>2022</u>
ASSETS	
Cash and cash equivalents	\$ 7,309,462
Investments	89,022,931
Pledges receivable, net	2,741,160
Prepaid expenses and other assets	65,386
Property, net	1,487,011
Assets held for others	<u>20,919,555</u>
Total assets	<u>\$ 121,545,505</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 306,693
Deferred gift liabilities	760,941
Liability for assets held for others	<u>20,919,555</u>
Total liabilities	<u>21,987,189</u>
Net Assets	
Without donor restrictions	6,494,029
With donor restrictions	<u>93,064,287</u>
Total net assets	<u>99,558,316</u>
Total liabilities and net assets	<u>\$ 121,545,505</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Operating revenues		
Tuition and fees, net of discounts and allowances of \$91,856,786 and \$82,652,080	\$ 89,145,005	\$ 91,655,687
Federal grants and contracts	116,232	80,953
Local and private grants and contracts	69,134	42,835
Sales and services of educational activities	19,360,432	22,605,447
Auxiliary enterprise revenues, net of discounts and allowances of \$4,716,542 and \$4,480,944	15,169,419	13,984,417
Other operating revenues	<u>23,015,394</u>	<u>17,464,618</u>
Total operating revenues	<u>146,875,616</u>	<u>145,833,957</u>
EXPENSES		
Operating expenses		
Education and general		
Instruction	92,024,113	91,954,418
Research	7,233,519	6,372,878
Public service	17,948,539	16,986,868
Libraries	3,718,069	4,133,420
Academic support	22,713,969	21,729,170
Student services	38,539,785	37,661,106
Institutional support	39,847,988	39,232,561
Operation and maintenance of plant	26,583,901	28,538,233
Student financial aid	27,065,163	28,794,016
Pension and OPEB expense	(21,290,613)	(38,667,518)
Depreciation and amortization	33,296,258	33,421,983
Auxiliary enterprises	<u>15,453,467</u>	<u>14,464,502</u>
Total operating expenses	<u>303,134,158</u>	<u>284,621,637</u>
Operating loss	<u>(156,258,542)</u>	<u>(138,787,680)</u>
Non-operating revenues (expenses)		
State appropriations	77,591,300	77,946,600
State appropriations – Performance Funding	5,858,400	7,777,200
Federal grants and contracts	44,344,095	43,013,634
State grants and contracts	30,583,530	28,883,572
Local and private grants and contracts	1,936,064	1,353,789
Net investment income (loss)	7,753,926	(550,004)
Interest on capital asset-related debt	(5,438,372)	(5,829,859)
(Loss) gain on disposal of capital assets	(19,632)	(262,314)
Other non-operating expenses	<u>313,620</u>	<u>113,462</u>
Net non-operating revenues	<u>162,922,931</u>	<u>152,446,080</u>
Income before capital contributions	6,664,389	13,658,400
State capital appropriations	<u>26,690,277</u>	<u>3,299,336</u>
Increase in net position	33,354,666	16,957,736
Net position, beginning of year	<u>140,271,683</u>	<u>123,313,947</u>
Net position, end of year	<u>\$ 173,626,349</u>	<u>\$ 140,271,683</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
 WKU STUDENT LIFE FOUNDATION, INC.
 STATEMENTS OF ACTIVITIES
 Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Student housing revenue	\$ 28,358,492	\$ 28,606,160
Interest income – direct financing lease	81,615	88,775
First Year Village prepaid lease revenue	25,117	25,117
Hilltopper Hub prepaid lease revenue	102,942	176,471
Other	<u>978,152</u>	<u>1,041,474</u>
Total operating revenues	<u>29,546,318</u>	<u>29,937,997</u>
OPERATING EXPENSES		
Salaries, benefits, and related expenses	7,176,889	6,257,734
Utilities	3,089,255	3,153,858
Repairs, maintenance, and supplies	2,589,598	2,483,364
Management fees	84,200	84,200
Professional fees	267,078	294,371
Insurance	954,891	900,373
Depreciation and amortization	5,366,235	6,030,848
Bad debt expense	353,519	710,899
Other	<u>564,554</u>	<u>583,106</u>
Total operating expenses	<u>20,446,219</u>	<u>20,498,753</u>
Change in net assets from operations	<u>9,100,099</u>	<u>9,439,244</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	1,912,417	1,063,178
Interest expense, fees, and bond issuance costs	<u>(3,484,383)</u>	<u>(4,053,291)</u>
Total non-operating expenses	<u>(1,571,966)</u>	<u>(2,990,113)</u>
Change in net assets without donor restrictions	7,528,133	6,449,131
Net assets without donor restrictions, beginning of year	<u>61,714,208</u>	<u>55,265,077</u>
Net assets without donor restrictions, end of year	<u>\$ 69,242,341</u>	<u>\$ 61,714,208</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
COLLEGE HEIGHTS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT			
Contributions	\$ 95,841	\$ 13,169,583	\$ 13,265,424
Gift-in-kind contributions	-	151,572	151,572
Non-charitable contributions	-	601,428	601,428
Investment income	672,157	3,954,073	4,626,230
Net unrealized and realized gains on investments	2,377,763	24,285,057	26,662,820
Net increase in beneficial interest in third party trusts	-	2,370,110	2,370,110
Net actuarial gain from deferred gift liabilities	-	151,745	151,745
Rental and royalty income	-	27,259	27,259
Miscellaneous revenue	-	29,496	29,496
	<u>3,145,761</u>	<u>44,740,323</u>	<u>47,886,084</u>
Net assets released from restriction	<u>18,770,528</u>	<u>(18,770,528)</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>21,916,289</u>	<u>25,969,795</u>	<u>47,886,084</u>
EXPENSES			
Expenses on behalf of WKU programs:			
Public service	764,412	-	764,412
Construction	746,587	-	746,587
Programmatic	13,943,478	-	13,943,478
Total WKU program expenses	<u>15,454,477</u>	<u>-</u>	<u>15,454,477</u>
Management and general	2,040,496	-	2,040,496
Fundraising	134,410	-	134,410
Total expenses	<u>17,629,383</u>	<u>-</u>	<u>17,629,383</u>
Change in net assets	4,286,906	25,969,795	30,256,701
WKU net assets merged in	6,494,029	91,513,406	98,007,435
Net assets, beginning of year	<u>3,011,231</u>	<u>96,589,150</u>	<u>99,600,381</u>
Net assets, end of year	<u>\$ 13,792,166</u>	<u>\$ 214,072,351</u>	<u>\$ 227,864,517</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
COLLEGE HEIGHTS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT			
Contributions	\$ 1,520,527	\$ 7,851,159	\$ 9,371,686
Net investment income (loss)	(391,318)	(13,527,609)	(13,918,927)
Change in value of split-interest agreements	-	(1,043,435)	(1,043,435)
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>7,372,910</u>	<u>(7,372,910)</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>8,502,119</u>	<u>(14,092,795)</u>	<u>(5,590,676)</u>
EXPENSES			
Program services	7,786,618	-	7,786,618
Supporting services			
Management and general	935,252	-	935,252
Fundraising	<u>23,175</u>	<u>-</u>	<u>23,175</u>
Total supporting services	<u>958,427</u>	<u>-</u>	<u>958,427</u>
Total expenses	<u>8,745,045</u>	<u>-</u>	<u>8,745,045</u>
Change in net assets	(242,926)	(14,092,795)	(14,335,721)
Net assets, beginning of year	<u>3,254,157</u>	<u>110,681,945</u>	<u>113,936,102</u>
Net assets, end of year	<u>\$ 3,011,231</u>	<u>\$ 96,589,150</u>	<u>\$ 99,600,381</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
WESTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains (losses), and other support:			
Contributions	\$ 102,709	\$ 4,751,984	\$ 4,854,693
Non-charitable contributions	167,123	1,279,750	1,446,873
Investment income	71,594	1,824,446	1,896,040
Net unrealized and realized losses on investments	(505,578)	(12,367,411)	(12,872,989)
Net actuarial gain from deferred gift liabilities		103,610	103,610
Rental and royalty income	<u>7,489</u>	<u>2,650</u>	<u>10,139</u>
	(156,663)	(4,404,971)	(4,561,634)
 Net assets released from restriction	<u>8,008,804</u>	<u>(8,008,804)</u>	<u>-</u>
 Total revenues, gains (losses), and other support	<u>7,852,141</u>	<u>(12,413,775)</u>	<u>(4,561,634)</u>
 Expenses:			
Expenses on behalf of WKU programs:			
Public service	643,882	-	643,882
Construction	776,074	-	776,074
Programmatic	<u>5,569,939</u>	<u>-</u>	<u>5,569,939</u>
Total program expenses	6,989,895	-	6,989,895
 Management and general	1,556,196	-	1,556,196
Fundraising	<u>79,472</u>	<u>-</u>	<u>79,472</u>
 Total expenses	<u>8,625,563</u>	<u>-</u>	<u>8,625,563</u>
 Change in net assets	(773,422)	(12,413,775)	(13,187,197)
 Net asset, beginning of year	<u>7,267,451</u>	<u>105,478,062</u>	<u>112,745,513</u>
 Net assets, end of year	<u>\$ 6,494,029</u>	<u>\$ 93,064,287</u>	<u>\$ 99,558,316</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
COLLEGE HEIGHTS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2023

	Program Services			Total Program Services	Management and General	Fundraising	Total Expenses
	Public Service	Construction	Programmatic				
Salaries/wages, payroll taxes, and benefits	\$ 45,203	\$ -	\$ 1,907,855	\$ 1,953,058	\$ 1,636,926	\$ 251	\$ 3,590,235
Scholarships and honorariums	6,893	-	7,712,904	7,719,797	-	-	7,719,797
Professional fees and other services	412,413	-	1,519,271	1,931,684	123,269	32,516	2,087,469
Travel, meals, and entertainment	40,985	-	978,639	1,019,624	17,317	58,695	1,095,636
Printing, supplies, and other office expenses	81,443	-	364,548	445,991	105,014	688	551,693
Other	872	-	181,581	182,453	15,328	33,049	230,830
Gifts and donations	76,628	-	730,523	807,151	-	9,211	816,362
Capital expenditures	87,202	746,587	381,210	1,214,999	-	-	1,214,999
Dues/subscriptions and registrations	-	-	154,307	154,307	-	-	154,307
Equipment rentals and maintenance	12,773	-	12,640	25,413	-	-	25,413
Bad debt expense	-	-	-	-	142,642	-	142,642
Total expenses	<u>\$ 764,412</u>	<u>\$ 746,587</u>	<u>\$ 13,943,478</u>	<u>\$ 15,454,477</u>	<u>\$ 2,040,496</u>	<u>\$ 134,410</u>	<u>\$ 17,629,383</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
COLLEGE HEIGHTS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund Raising</u>	
Scholarships	\$ 6,881,143	\$ -	\$ -	\$ 6,881,143
Other expenses	905,475	-	-	905,475
Salaries and benefits	-	717,662	-	717,662
Professional fees	-	58,826	-	58,826
Postage	-	36,359	-	36,359
Fundraising	-	-	23,175	23,175
Travel and transportation	-	16,173	-	16,173
Software	-	11,770	-	11,770
Renovation expenses	-	9,674	-	9,674
Equipment and furnishings	-	8,076	-	8,076
Office supplies	-	6,258	-	6,258
Bank fees	-	6,013	-	6,013
Telephone	-	5,252	-	5,252
Gifts	-	4,759	-	4,759
Memberships	-	4,413	-	4,413
Staff development	-	3,435	-	3,435
Real estate expenses	-	3,429	-	3,429
Sponsorships	-	1,200	-	1,200
Total expenses before depreciation	7,786,618	893,299	23,175	8,703,092
Depreciation	-	41,953	-	41,953
Total expense	\$ 7,786,618	\$ 935,252	\$ 23,175	\$ 8,745,045

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
WESTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	WKU Program Services						Total Expenses
	Public Service	Construction	Programmatic	Total WKU Program Services	Management and General	Fundraising	
Salaries/wages, payroll taxes, and benefits	\$ 88,629	\$ -	\$ 1,559,117	\$ 1,647,746	\$ 793,682	\$ 1,399	\$ 2,442,827
Scholarships and honorariums	17,178	-	737,682	754,860	-	-	754,860
Professional fees and other services	328,028	-	140,494	468,522	605,679	46,818	1,121,019
Travel, meals, and entertainment	42,172	-	911,664	953,836	10,739	16,799	981,374
Printing, supplies, and other office expenses	48,903	-	269,975	318,878	49,676	479	369,033
Other miscellaneous expenses	847	-	219,757	220,604	4,519	460	225,583
Gifts and donations	60,618	-	1,280,397	1,341,015	-	13,517	1,354,532
Capital expenditures	51,279	776,074	226,028	1,053,381	-	-	1,053,381
Dues/subscriptions and registrations	-	-	209,339	209,339	-	-	209,339
Equipment rentals and maintenance	6,228	-	15,486	21,714	-	-	21,714
Bad debt expense	-	-	-	-	91,901	-	91,901
Total expenses	<u>\$ 643,882</u>	<u>\$ 776,074</u>	<u>\$ 5,569,939</u>	<u>\$ 6,989,895</u>	<u>\$ 1,556,196</u>	<u>\$ 79,472</u>	<u>\$ 8,625,563</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 90,488,500	\$ 89,227,306
Grants and contracts	(144,944)	2,506,056
Payments to employees	(178,210,205)	(169,818,194)
Payments to suppliers	(98,799,552)	(102,756,517)
Loans issued to students, net of collection	71,244	150,208
Collection of loans to students	109,844	131,283
Sales and services of educational departments	19,360,432	22,605,447
Other operating revenues	23,263,449	16,989,049
Auxiliary enterprise revenues	15,169,419	13,984,417
Auxiliary enterprise payments		
Payments to employees	(6,398,132)	(5,439,562)
Payments to suppliers	(9,100,964)	(8,951,392)
Net cash used in operating activities	<u>(144,190,909)</u>	<u>(141,371,899)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	77,591,300	77,946,600
State appropriations – Performance Funding	5,858,400	7,777,200
Grants and contracts receipts	76,863,689	73,250,995
Student organization agency receipts (disbursements) - net	336,034	(72,565)
Other nonoperating revenues (expenses)	(437,148)	(665,256)
Net cash provided by non-capital financing activities	<u>160,212,275</u>	<u>158,236,974</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from bond issuance	-	52,000,000
Proceeds from sale of capital assets	78,034	88,898
Purchases of capital assets	(47,342,023)	(23,255,172)
Principal paid on capital debt	(12,090,801)	(23,961,234)
Interest paid on capital debt	(4,806,103)	(4,383,856)
Principal paid on leases payable	(805,555)	(1,216,915)
Interest paid on leases payable	(967,027)	(981,356)
Principal paid on subscription liability	(2,085,405)	(3,042,739)
Interest paid on subscription liability	(59,291)	(78,461)
State appropriations for capital acquisition	<u>28,389,418</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(39,688,753)</u>	<u>(4,830,835)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(118,821)	(57,698,790)
Proceeds from sales and maturities of investments	44,095,511	13,383,383
WKU Research Foundation assets held in trust	734,788	(394,340)
Investment income	<u>5,206,923</u>	<u>2,685,355</u>
Net cash provided by (used in) investing activities	<u>49,918,401</u>	<u>(42,024,392)</u>
Net change in cash and cash equivalents	26,251,014	(29,990,152)
Cash and cash equivalents, beginning of year	<u>83,726,795</u>	<u>113,716,947</u>
Cash and cash equivalents, end of year	<u>\$ 109,977,809</u>	<u>\$ 83,726,795</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of net operating loss to net cash used in operating activities		
Operating loss	\$ (156,258,542)	\$ (138,787,680)
Depreciation and amortization expense	33,296,258	33,421,983
Changes in operating assets and liabilities		
Accounts receivable, net	1,302,516	(2,425,318)
Federal and state grants receivable	(1,708,885)	2,146,281
Leases receivable	248,055	(475,569)
Assets held in trust	594	590
Inventories	(45,628)	73,548
Loans to students, net	181,088	281,491
Prepaid expenses and other	(2,860)	79,483
Accounts payable	(37,477)	2,323,071
Health insurance and workers' compensation liability	(101,269)	(70,591)
Accrued payroll and payroll withholdings	578,982	1,392,270
Accrued compensated absences	328,017	674,244
Deferred outflows – pension and OPEB liability, bond refunding	1,715,354	(4,716,293)
Deferred inflows – pension and OPEB liability, leases	3,834,557	(48,081,894)
Net pension liability	(4,834,837)	7,326,381
Net OPEB liability	(21,828,491)	7,823,545
Unearned revenue	<u>(858,341)</u>	<u>(2,357,441)</u>
Net cash used in operating activities	<u>\$ (144,190,909)</u>	<u>\$ (141,371,899)</u>
 Supplemental cash flows information		
Non-cash activities:		
Lease obligations incurred for lease assets	\$ 50,776	\$ 477,664
Construction in process included in accounts payable	\$ 5,193,636	\$ 674,396
Donation of capital assets from related parties	\$ 524,383	\$ 707,816
Subscription obligations incurred for subscription assets	\$ 1,681,829	\$ 1,237,278
 Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents	\$ 72,643,516	\$ 41,525,955
Restricted cash and cash equivalents	<u>37,334,293</u>	<u>42,200,840</u>
Total cash and cash equivalents	<u>\$ 109,977,809</u>	<u>\$ 83,726,795</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2024 and 2023

	<u>Custodial Funds</u>	
	<u>2024</u>	<u>2023</u>
Assets		
Cash and equivalents	\$ <u>720,066</u>	\$ <u>751,727</u>
Total assets	<u>720,066</u>	<u>751,727</u>
Net Position		
Restricted for:		
Organizations and other governments	<u>720,066</u>	<u>751,727</u>
Total net position	\$ <u>720,066</u>	\$ <u>751,727</u>

See accompanying notes to financial statements.

WESTERN KENTUCKY UNIVERSITY
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 Years Ended June 30, 2024 and 2023

	Custodial Funds	
	<u>2024</u>	<u>2023</u>
Additions		
Sales and services	\$ 9,422	\$ 40,897
Other miscellaneous revenues	<u>2,828,035</u>	<u>2,678,963</u>
Total additions	<u>2,837,457</u>	<u>2,719,860</u>
Deductions		
Compensation	508,873	492,604
Benefits	157,822	119,743
General and administrative expenses	<u>2,202,423</u>	<u>2,157,006</u>
Total deductions	<u>2,869,118</u>	<u>2,769,353</u>
Net increase (decrease) in fiduciary net position	(31,661)	(49,493)
Net position, beginning of year	<u>751,727</u>	<u>801,220</u>
Net position, end of year	<u>\$ 720,066</u>	<u>\$ 751,727</u>

See accompanying notes to financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Western Kentucky University (the “University”) is a state supported institution of higher education located in Bowling Green, Kentucky, and accredited by the Southern Association of Colleges and Schools Commission on Colleges. The University awards graduate and undergraduate degrees and serves a student population of approximately 16,800 and 16,500 in 2024 and 2023, respectively. The University is operated under the jurisdiction of a Board of Regents and is a component unit of the Commonwealth of Kentucky. Major federally funded student financial aid programs in which the University participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Family Education Loan, Federal Direct Loan and Federal Perkins Loan Programs. The University extends unsecured credit to students.

Reporting Entity: The financial reporting entity includes Western Kentucky University, as the primary government, and the accounts of the Western Kentucky University Research Foundation, Inc. (“Research Foundation”), collectively referred to as the University.

The financial reporting entity, as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, under which these basic financial statements include all organizations, activities, functions and component units for which the University is financially accountable, consists of the organizations for which exclusion could cause the financial statements to be misleading or incomplete. The determination of financial accountability includes consideration of a number of criteria including (1) the University’s ability to appoint a voting majority of another entity’s governing body and to impose its will on that entity; (2) the potential for that entity to provide specific financial benefits or to impose specific financial burdens on the University; and (3) that entity’s fiscal dependency on the University.

The Research Foundation is included in the University’s financial statements as a component unit based on the above criteria. The Research Foundation is a legally separate not-for-profit corporation that is, in substance, a part of the University’s operations. It is organized exclusively to benefit the University by generating funding for and performing many of the University’s research activities.

The Research Foundation’s financial data is combined with the University for financial reporting purposes by the blended component unit method. Transactions between the University and the Research Foundation are eliminated upon consolidation.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, requires certain organizations be reported as component units of a primary government based on the nature and significance of that organization’s relationship to the primary government. College Heights Foundation, Inc., WKU Student Life Foundation, Inc., and Western Kentucky University Foundation, Inc. (the “Foundations”) are discretely presented component units of the University. The Foundations are private nonprofit organizations that report under Financial Accounting Standards Board (“FASB”) Accounting Standards Codifications (“ASC”), including FASB ASC No. 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations’ financial information in the University’s financial report for these differences.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The financial information included for each foundation noted above is derived from the respective foundation's annual audited financial statements. College Heights Foundation, Inc. operates on a calendar year, and the information contained herein is as of and for the years ended December 31, 2023 and 2022. WKU Foundation, Inc. also operated on a calendar year until January 1, 2023, at which point it was merged into College Heights Foundation, Inc.; therefore, the information contained herein is only as of and for the year ended December 31, 2022. The Student Life Foundation, Inc. operates on a fiscal year beginning July 1, and extending through June 30; likewise, the information contained herein is as of and for the years ended June 30, 2024 and 2023.

Basis of Accounting and Presentation: The financial statements of the University have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in non-operating revenues and expenses.

The University routinely incurs expenses for which both restricted and unrestricted net position is available. The University's policy is to allow departmental units the flexibility to determine whether to first apply restricted or unrestricted resources based on the most advantageous application of resources.

For financial reporting purposes, the University is considered an enterprise fund and all balances and activities of the University are included in this fund. In accordance with GASB Statement No. 84, Fiduciary Activities, fiduciary funds are used to account for assets held in trust by the University for the benefit of individuals, organizations, or other governments. Specifically, the University holds assets for a variety of student groups, as well as for the Kentucky Institute for International Studies (KIIS), the Cooperative Center for Study Abroad (CCSA), and the World Council for Gifted and Talented Children (WCGTC).

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The University considers all liquid investments with original maturities of three months or less to be cash equivalents. The University does consider uninvested cash held in investment accounts as cash or cash equivalents. Funds held by the Commonwealth of Kentucky are also considered cash equivalents. At June 30, 2024, cash equivalents consisted primarily of uninvested cash held in investment accounts and funds held by the Commonwealth of Kentucky.

The University currently uses commercial banks and the Commonwealth of Kentucky as depositories. Deposits with commercial banks are covered by federal depository insurance or collateral held by the banks in the University's name. At the Commonwealth level, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth-pooled deposits are covered by federal depository insurance or by collateral held by the bank in the Commonwealth's name.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Restricted Cash and Cash Equivalents: Externally restricted cash and cash equivalents are classified as restricted assets. These bond proceeds include cash and cash equivalents used to purchase or construct capital or other noncurrent assets.

Investments and Investment Income: Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. The investment in equity investee is reported on the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value, and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, staff and external entities, and include reimbursement of costs from external entities and related foundations. Accounts receivable also include amounts due from the federal government, state and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Bond Issuance Costs: The bond issuance costs are expensed in the year of the bond issuance.

Inventories: Inventories, consisting principally of postage supplies, are stated at the lower of cost, determined using the FIFO (first-in, first-out) method, or market.

Loans to Students: The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset and is not allocated to functional expense categories. Equipment with an estimated useful life of greater than one year and a cost of \$5,000 is capitalized and depreciated with one-half year's depreciation taken during the year of purchase or donation. Library materials are capitalized in total for the year with one-half year's depreciation taken during the year of purchase or donation. Construction in progress is capitalized when incurred. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred or when the project was closed and is identified as projects less than \$100,000. The University continues to track equipment with a cost of \$500 or more for insurance purposes consistent with applicable Kentucky Revised Statutes but does not capitalize items at these lower thresholds.

The following estimated useful lives are being used by the University:

Buildings and building improvements	15 - 40 years
Furniture, fixtures, and equipment	3 - 15 years
Land improvements and infrastructure	20 years
Library materials	10 years

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Lease Assets: Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets: Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment: The University evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Lease Receivable: The University is a lessor for noncancellable leases of certain equipment and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Historical Collections: The University owns historical collections housed throughout the campus that it does not capitalize, including collections in the Kentucky Building & Museum. These collections adhere to the University's policy to (1) maintain them for public exhibition, education or research; (2) protect, keep unencumbered, care for and preserve them; and (3) require proceeds from their sale to be used to acquire other collection items. GAAP permits collections maintained in this manner to be charged to operations at time of purchase rather than capitalized.

Deferred Outflows of Resources: The University reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statements of net position.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Compensated Absences: University policies permit employees to accumulate vacation and sick leave benefits that may be utilized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized when vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet utilized. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes which are computed using rates in effect at that date.

Unearned Revenue: Tuition and fee revenues collected during the fiscal years, which relate to the period after June 30, 2024 and June 30, 2023, have been recorded as unearned revenues. Unearned revenues arise when resources are received by the University before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the University has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned and unexpended state capital appropriations.

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

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

Deferred Inflows of Resources: The University reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statement of net position.

Classification of Revenues: The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) interest on student loans. Operating revenues also include certain federal, state, local, and private grants and contracts.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Non-operating Revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements – Management’s Discussion & Analysis – for State & Local Governments*, such as state appropriations and investment income.

Scholarship Discounts and Allowances: Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students’ behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University’s financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees, and other student charges, the University has recorded a scholarship allowance.

Net Position: The University’s net position is classified as follows:

Net Investment in Capital Assets: This represents the University’s total investment in capital, lease and subscription assets, net of accumulated depreciation, amortization, and outstanding debt and lease and subscription liabilities related to those capital, lease and subscription assets and change in deferred outflow loss on bond refinancing. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Position – Non-expendable: Non-expendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees and sales and services of educational activities, intercollegiate athletics, and auxiliary enterprises. These resources are used at the discretion of the governing board to meet current expenses for any purpose.

Income Taxes: As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Service Concessions Arrangement: Effective July 1, 2020, the University entered into a 10-year bookstore services agreement with Barnes & Noble College Booksellers, LLC (Barnes & Noble) in which Barnes & Noble will operate and provide services for the bookstore of the University. The University entered into this agreement in order to provide the students, faculty, and staff of the University a bookstore within the Student Union that can be used to purchase textbooks, school supplies, and other merchandise.

This agreement meets the requirements of a service concession arrangement as defined by GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. As a result, at June 30, 2024 and 2023, the University reports a capital asset for the portion of the facility utilized by Barnes & Noble as part of the overall building capital asset. No other significant transactions have been reported as a result of this agreement.

Recent Accounting Pronouncements Adopted/Implemented:

GASB Statement No. 99, Omnibus 2022, issued April 2022: The objectives of this Statement were to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addressed a variety of topics. The University had implemented the provisions of this accounting standard related to leases, PPPs, and SBITAs in prior fiscal years. The University has implemented the remainder of the provisions related to financial guarantees and the classification and reporting of derivative instruments during its fiscal year ended June 30, 2024. The adoption of this Standard did not have a material effect on the University's net position or changes in net position.

GASB Statement No. 100, Accounting Changes and Error Corrections, issued June 2022: The primary objectives of this Statement were to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defined accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addressed corrections of errors in previously issued financial statements. The adoption of this Standard did not have a material effect on the University's net position or changes in net position.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Recent Accounting Pronouncements: As of June 30, 2024, the GASB has issued the following statements not yet implemented by the University.

GASB Statement No. 101, *Compensated Absences*, issued June 2022: The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The University will implement the requirements of this guide for its fiscal year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2023: The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The University will implement the requirements of this guide for its fiscal year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024: The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. This Statement also describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. In addition, the Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The University will implement the requirements of this guide for its fiscal year ending June 30, 2026.

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WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 2 - ASSETS HELD IN TRUST

Assets held in trust as of June 30, 2024 and 2023 consisted of:

	<u>2024</u>	<u>2023</u>
Cash equivalents	\$ 299,812	\$ 1,022,524
Common equity, common fixed income, and mutual funds	<u>19,188,855</u>	<u>16,783,946</u>
Fair value of assets held in trust	<u>\$ 19,488,667</u>	<u>\$ 17,806,470</u>

Assets held in trust primarily include funds held for Research Foundation projects and the Regional University Excellence Trust Fund. Funding received through the Regional University Excellence Trust Fund is held by the College Heights Foundation and further described in Note 14.

NOTE 3 - DEPOSITS AND INVESTMENTS

At June 30, 2024 and 2023, the carrying values of deposits and investments are included in the statements of net position as follows:

	<u>2024</u>	<u>2023</u>
Carrying value:		
Deposits	\$ 109,977,809	\$ 80,647,209
Investments	<u>292,004</u>	<u>47,246,719</u>
Fair value of assets held in trust	<u>\$ 110,269,813</u>	<u>\$ 127,893,928</u>
Included in the following statements of net position captions:		
Cash and cash equivalents	\$ 72,643,516	\$ 41,525,955
Short-term investments	-	12,337,463
Restricted cash and equivalents	37,334,293	42,200,840
Noncurrent investments	<u>292,004</u>	<u>31,829,670</u>
	<u>\$ 110,269,813</u>	<u>\$ 127,893,928</u>

Deposits

The carrying amounts of cash and cash equivalents were \$109,977,809 and \$83,726,795 at June 30, 2024 and 2023, respectively, while the bank balances were \$112,184,440 and \$83,183,795 at June 30, 2024 and 2023, respectively. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities of the U.S. Government or with letters of credit issued by the Federal Home Loan Bank held in the University's name by financial institutions acting as the University's agent.

Of the University's cash balances as of June 30, 2024 and 2023, respectively, \$36,679,633 and \$35,814,244 were secured by FDIC insurance, and \$30,311,578 and \$5,138,573 were collateralized by the pledging institution. Additionally, as of June 30, 2024 and 2023, \$42,986,598 and \$42,773,978, respectively, were held within various accounts with the Commonwealth of Kentucky.

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WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities. The Board is responsible for establishing investment policies. The policies are developed to ensure compliance with state laws and regulations and to maintain sound financial management practices. The day-to-day management of the and investments has been delegated to the University's Investment Committee.

The University's investments can be grouped into four significant categories as follows:

- *Tier 1* – Depository funds are designed to meet daily cash flow needs. This tier shall hold a minimum of 45 days cash for operating liquidity. The calculation of daily cash flow needs shall be based on consolidated prior fiscal year average operating expense per day. Tier 1 Depository funds will reside in the University's local depository account and will earn income based on the bank's contracted interest rate.
- *Tier 2* – Operating funds are designed to meet anticipated cash flow needs. These investments shall have maturity dates of up to one year. The primary objective of these funds is to preserve principal and liquidity while earning at maximum income rate. The funds in this tier will be continuously invested in readily available funds to meet any unanticipated cash flow needs.
- *Tier 3* – Reserve funds shall be investments designed to maximize income while preserving principal on a longer-term basis as same day liquidity is not necessary. These investments shall have maturity dates of three years or less.
- *Tier 4* – Strategic funds will be designed to enhance current income consistent with preservation of principal with longer-term prescribed maturity. These investments shall have a stated maturity date of not more than five years.

At June 30, 2024, the University had approximately \$292,000 in investments held in both equities and fixed income. This amount is included in the statements of net position within noncurrent investments. At June 30, 2023, the University had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Cash equivalents	\$ 3,079,586	\$ 3,079,586	\$ -	\$ -	\$ -
Commercial paper	245,953	245,953	-	-	-
U.S. government & agency bonds:					
U.S. Treasuries	4,385,189	472,698	3,912,491	-	-
Government agencies	3,308,816	3,059,451	249,365	-	-
Equity securities	123,265	123,265	-	-	-
Corporate obligations:					
Domestic bonds	19,785,358	6,276,722	13,508,636	-	-
Asset backed securities	9,300,877	-	7,752,321	1,548,556	-
International fixed income bonds	5,142,214	2,159,374	2,982,840	-	-
Foreign corporate obligations	249,420	-	249,420	-	-
Municipal taxable obligations	<u>1,626,041</u>	<u>-</u>	<u>1,626,041</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 47,246,719</u>	<u>\$ 15,417,049</u>	<u>\$ 30,281,114</u>	<u>\$ 1,548,556</u>	<u>\$ -</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Fair Value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. The framework for measuring fair value established by Generally Accepted Accounting Principles provides a fair value hierarchy as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The University had the following recurring fair value measurements, by type, at June 30, 2023:

Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 3,079,586	\$ 2,333,744	\$ 745,842	\$ -
Commercial paper	245,953	-	245,953	-
U.S. government & agency bonds:				
U.S. Treasuries	4,385,189	4,385,189	-	-
Government agencies	3,308,816	1,040,140	2,268,676	-
Equity securities	123,265	123,265	-	-
Corporate obligations:				
Domestic bonds	19,785,358	-	19,785,358	-
Asset backed securities	9,300,877	-	9,300,877	-
International fixed income bonds	5,142,214	-	5,142,214	-
Foreign corporate obligations	249,420	-	249,420	-
Municipal taxable obligations	1,626,041	-	1,626,041	-
Total investments	<u>\$ 47,246,719</u>	<u>\$ 7,882,338</u>	<u>\$ 39,364,381</u>	<u>\$ -</u>

The University categorizes its fair value measurements within the fair value hierarchy. Certain investments are measured at fair value using net asset value (NAV) per share (or its equivalent) practical expedient, amortized cost, or historical cost and therefore have not been classified in the fair value hierarchy. These investments have not been included in the above table to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Net Position.

- Assets held in trust of \$19,488,667 and \$17,806,470 as of June 30, 2024 and 2023, respectively, which is valued at net asset value (NAV). There are no unfunded commitments and funds can be redeemed on a daily basis. The investment strategy is a long-term growth strategy and the underlying funds in the trust include cash, common stock, mutual funds, and fixed income securities.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not impose limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, bond resolutions govern the investment of bond reserves.

Credit Risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable

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WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

income, preserve capital, and, in general, avoid speculative investments. The University's investment policy allows investments in U.S. Agency securities if such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The University requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kentucky; bonds of any city, county, school district or special road district of the state of Kentucky; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The University is fully collateralized as of June 30, 2024 and 2023.

Concentration of Credit Risk: Investments can be exposed to a concentration of credit risk if significant amounts are invested in any one issuer. At June 30, 2024 and 2023, the University had no investments in any one issuer that represented five percent or more of total investments, other than U.S. Treasury and/or U.S. agency securities.

Investment Income (Loss)

Investment income (loss) for the years ended June 30, 2024 and 2023 consisted of:

	<u>2024</u>	<u>2023</u>
Interest income, including interest earned on cash equivalents	\$ 5,206,923	\$ 2,685,355
Net change in fair value of investments and assets held in trust	<u>2,547,003</u>	<u>(3,235,359)</u>
	<u>\$ 7,753,926</u>	<u>\$ (550,004)</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Tuition, fees, sales and services	\$ 9,199,443	\$ 11,915,670
Miscellaneous, other	<u>4,164,235</u>	<u>2,957,581</u>
	13,363,678	14,873,251
Less allowance for doubtful accounts	<u>(2,412,640)</u>	<u>(2,619,697)</u>
Accounts receivable, net	<u>\$ 10,951,038</u>	<u>\$ 12,253,554</u>

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WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 5 - CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2024 are summarized as follows:

	Balance July 1, 2023	Additions	Disposals	Transfers	Balance June 30, 2024
Non-depreciable capital assets:					
Land	\$ 14,075,527	\$ -	\$ -	\$ -	\$ 14,075,527
Construction in progress	17,666,788	46,010,447	-	(16,851,914)	46,825,321
	<u>31,742,315</u>	<u>46,010,447</u>	<u>-</u>	<u>(16,851,914)</u>	<u>60,900,848</u>
Depreciable capital assets:					
Buildings and improvements	636,427,594	-	-	7,144,656	643,572,250
Infrastructure	73,750,963	-	-	7,201,653	80,952,616
Furniture, fixtures, and equipment	94,093,109	3,338,853	(1,855,547)	2,505,605	98,082,020
Library materials	69,896,815	2,511,965	(368,856)	-	72,039,924
	<u>874,168,481</u>	<u>5,850,818</u>	<u>(2,224,403)</u>	<u>16,851,914</u>	<u>894,646,810</u>
Less accumulated depreciation:					
Buildings and improvements	320,583,023	19,491,033	-	-	340,074,056
Infrastructure	45,318,025	3,146,776	-	-	48,464,801
Furniture, fixtures, and equipment	71,621,894	3,486,253	(1,757,881)	-	73,350,266
Library materials	56,671,748	2,708,826	(368,856)	-	59,011,718
	<u>494,194,690</u>	<u>28,832,888</u>	<u>(2,126,737)</u>	<u>-</u>	<u>520,900,841</u>
Net capital assets	<u>\$ 411,716,106</u>	<u>\$ 23,028,377</u>	<u>\$ (97,666)</u>	<u>\$ -</u>	<u>\$ 434,646,817</u>

Changes in capital assets for the year ended June 30, 2023 are summarized as follows:

	Balance July 1, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Non-depreciable capital assets:					
Land	\$ 14,185,528	\$ -	\$ (110,001)	\$ -	\$ 14,075,527
Construction in progress	5,734,346	16,580,897	-	(4,648,455)	17,666,788
	<u>19,919,874</u>	<u>16,580,897</u>	<u>(110,001)</u>	<u>(4,648,455)</u>	<u>31,742,315</u>
Depreciable capital assets:					
Buildings and improvements	633,605,604	-	5,700	2,816,290	636,427,594
Infrastructure	72,111,843	-	-	1,639,120	73,750,963
Furniture, fixtures, and equipment	90,927,623	3,827,618	(855,177)	193,045	94,093,109
Library materials	67,432,992	2,734,420	(270,597)	-	69,896,815
	<u>864,078,062</u>	<u>6,562,038</u>	<u>(1,120,074)</u>	<u>4,648,455</u>	<u>874,168,481</u>
Less accumulated depreciation:					
Buildings and improvements	300,794,723	19,782,600	5,700	-	320,583,023
Infrastructure	42,288,209	3,029,816	-	-	45,318,025
Furniture, fixtures, and equipment	69,221,948	3,199,229	(799,283)	-	71,621,894
Library materials	54,228,337	2,714,008	(270,597)	-	56,671,748
	<u>466,533,217</u>	<u>28,725,653</u>	<u>(1,064,180)</u>	<u>-</u>	<u>494,194,690</u>
Net capital assets	<u>\$ 417,464,719</u>	<u>\$ (5,582,718)</u>	<u>\$ (165,895)</u>	<u>\$ -</u>	<u>\$ 411,716,106</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 5 - CAPITAL ASSETS (Continued)

A summary of construction in progress at June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
College of Business	\$ 27,643,358	\$ 3,591,641
Athletics Press Box	6,716,226	-
Athletics Hilltopper Field House	2,784,459	-
AP-Roof Project Academic Athletic #1	1,894,789	-
Hilltop Restoration Project	-	4,276,834
Softball / Soccer Facility	-	3,665,955
Other projects under \$1,000,000	<u>7,786,489</u>	<u>6,132,358</u>
	<u>\$ 46,825,321</u>	<u>\$ 17,666,788</u>

Contractual commitments in connection with all projects totaled \$83,900,469 and \$8,365,532 at June 30, 2024 and 2023, respectively.

NOTE 6 - LEASE AND SUBSCRIPTION ASSETS

Changes in lease assets for the year ended June 30, 2024 are summarized as follows:

	Balance <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>June 30, 2024</u>
Amortizable lease assets:					
Real estate	\$ 34,702,377	\$ -	\$ -	\$ -	\$ 34,702,377
Equipment	578,550	-	(578,550)	-	-
Vehicles	<u>63,242</u>	<u>50,776</u>	<u>-</u>	<u>-</u>	<u>114,018</u>
	<u>35,344,169</u>	<u>50,776</u>	<u>(578,550)</u>	<u>-</u>	<u>34,816,395</u>
Less accumulated amortization:					
Real estate	4,015,353	2,052,984	-	-	6,068,337
Equipment	497,003	81,547	(578,550)	-	-
Vehicles	<u>29,750</u>	<u>24,458</u>	<u>-</u>	<u>-</u>	<u>54,208</u>
	<u>4,542,106</u>	<u>2,158,989</u>	<u>-</u>	<u>-</u>	<u>6,122,545</u>
Net lease assets	<u>\$ 30,802,063</u>	<u>\$ (2,108,213)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,693,850</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 6 - LEASE AND SUBSCRIPTION ASSETS (Continued)

Changes in lease assets for the year ended June 30, 2023 are summarized as follows:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>June 30, 2023</u>
Amortizable lease assets:					
Real estate	\$ 34,249,615	\$ 452,762	\$ -	\$ -	\$ 34,702,377
Equipment	553,648	24,902	-	-	578,550
Vehicles	<u>63,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,242</u>
	<u>34,866,505</u>	<u>477,664</u>	<u>-</u>	<u>-</u>	<u>35,344,169</u>
Less accumulated amortization:					
Real estate	1,874,136	2,141,217	-	-	4,015,353
Equipment	235,557	261,446	-	-	497,003
Vehicles	<u>8,676</u>	<u>21,074</u>	<u>-</u>	<u>-</u>	<u>29,750</u>
	<u>2,118,369</u>	<u>2,423,737</u>	<u>-</u>	<u>-</u>	<u>4,542,106</u>
Net lease assets	<u>\$ 32,748,136</u>	<u>\$ (1,946,073)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,802,063</u>

Changes in subscription assets for the year ended June 30, 2024 are summarized as follows:

	Balance <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>June 30, 2024</u>
Subscription IT assets	\$ 5,098,761	\$ 1,681,830	\$ (1,783,517)	\$ -	\$ 4,997,074
Less accumulated amortization:					
Subscription IT assets	<u>2,272,592</u>	<u>2,304,382</u>	<u>(1,783,517)</u>	<u>-</u>	<u>2,793,457</u>
Subscription Assets, Net	<u>\$ 2,826,169</u>	<u>\$ (622,552)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,203,617</u>

Changes in subscription assets for the year ended June 30, 2023 are summarized as follows:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>June 30, 2023</u>
Subscription IT assets	\$ 3,861,483	\$ 1,237,278	\$ -	\$ -	\$ 5,098,761
Less accumulated amortization:					
Subscription IT assets	<u>-</u>	<u>2,272,592</u>	<u>-</u>	<u>-</u>	<u>2,272,592</u>
Subscription Assets, Net	<u>\$ 3,861,483</u>	<u>\$ (1,035,314)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,826,169</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 7 - UNEARNED REVENUE

Unearned revenue consisted of the following items as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Aramark capital contract	\$ 31,308,774	\$ 33,678,044
Summer school tuition and fees	4,631,071	4,590,092
Grants and contracts	5,808,228	4,429,653
Advance sale of football tickets	560,466	711,627
Vehicle parking permits	585,015	491,055
University master plan	221,805	206,010
Miscellaneous	<u>922,027</u>	<u>789,246</u>
 Total unearned revenue	 <u>\$ 44,037,386</u>	 <u>\$ 44,895,727</u>

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Current Portion</u>
General receipts bonds payable, including unamortized premiums	\$ 131,732,014	\$ -	\$ (12,855,768)	\$ 118,876,246	\$ 13,300,768
Other long-term debt	<u>43,125</u>	<u>-</u>	<u>(13,664)</u>	<u>29,461</u>	<u>14,363</u>
 Total long-term obligations	 <u>\$ 131,775,139</u>	 <u>\$ -</u>	 <u>\$ (12,869,432)</u>	 <u>\$ 118,905,707</u>	 <u>\$ 13,315,131</u>

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>
General receipts bonds payable, including unamortized premiums	\$ 93,536,546	\$ 52,000,000	\$ (13,804,532)	\$ 131,732,014	\$ 12,855,768
Other long-term debt	633,565	-	(590,440)	43,125	13,664
Pledges payable, net of discount premiums	<u>10,359,186</u>	<u>-</u>	<u>(10,359,186)</u>	<u>-</u>	<u>-</u>
 Total bonds, pledges and leases	 <u>\$ 104,529,297</u>	 <u>\$ 52,000,000</u>	 <u>\$ (24,754,158)</u>	 <u>\$ 131,775,139</u>	 <u>\$ 12,869,432</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

General Receipts Bonds Payable

Bonds payable as of June 30, 2024 and 2023 are composed of General Receipts Bonds, Series 2012A, 2013A, 2015A, 2016A, 2016B, 2016C, 2022A and 2022B. The bonds mature in varying amounts through May 1, 2042, with interest payable at annual rates ranging from 2.00% to 5.00%. Buildings and revenues from student registration fees are pledged as collateral against the Consolidated Educational Buildings Revenue Bond payable, whereas general receipts of the University are pledged as collateral against the General Receipts Bonds payable.

The total bonds payable as of June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
General Receipts Bonds, Series 2012A, dated June 6, 2012, with interest rates from 2.00% to 5.00%. Final principal payment date is May 1, 2032.	\$ 17,110,360	\$ 18,968,405
General Receipts Bonds, Series 2013A, dated October 29, 2013, with interest rates from 2.00% to 4.75%. Final principal payment date is September 1, 2033.	21,123,812	22,841,363
General Receipts Refunding Bonds, Series 2015A, dated October 13, 2015, with interest rates from 2.00% to 3.00%. Final principal payment date is September 1, 2026.	2,015,026	2,656,704
General Receipts Refunding Bonds, Series 2016A, dated March 17, 2016, with interest rates from 2.00% to 5.00%. Final principal payment date is September 1, 2026.	8,650,080	11,414,412
General Receipts Bonds, Series 2016B, dated October 25, 2016, with interest rates from 2.00% to 4.00%. Final principal payment date is September 1, 2036.	6,971,393	7,387,672
General Receipts Refunding Bonds, Series 2016C, dated October 25, 2016, with interest rates from 3.00% to 4.00%. Final principal payment date is September 1, 2028.	16,033,482	18,945,317
General Receipts Bonds, Series 2022A, dated August 12, 2022, with a fixed interest rate equal to 3.24%. Final principal payment date is May 1, 2042.	41,685,000	41,685,000
General Receipts Refunding Bonds, Series 2022B, dated August 5, 2022, with a fixed interest rate equal to 2.63%. Final principal payment date is June 1, 2026.	<u>5,287,093</u>	<u>7,833,141</u>
Total bonds payable	<u>\$ 118,876,246</u>	<u>\$ 131,732,014</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

The debt service requirements for the bonds payable as of June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 12,550,000	\$ 4,084,473	\$ 16,634,473
2026	13,010,000	3,623,762	16,633,762
2027	12,780,000	3,138,123	15,918,123
2028	9,630,000	2,716,566	12,346,566
2029	9,995,000	2,358,025	12,353,025
2030-2034	32,830,000	7,518,869	40,348,869
2035-2039	15,760,000	3,037,188	18,797,188
2040-2042	<u>9,515,000</u>	<u>623,214</u>	<u>10,138,214</u>
	116,070,000	27,100,220	143,170,220
Add: unamortized premiums, net of discounts	<u>2,806,246</u>	<u>-</u>	<u>2,806,246</u>
	<u>\$ 118,876,246</u>	<u>\$ 27,100,220</u>	<u>\$ 145,976,466</u>

On December 19, 2006, the University issued Western Kentucky University General Receipts Bonds, Series 2006A. The \$10,000,000 proceeds generated from the bond issue were used for a portion of the renovation/expansion of Academic Athletic Complex #2, South Campus Parking and Dining, Math and Science Academy, Student Health Services Center and for Information Technology Infrastructure improvements.

On May 30, 2007, the University issued Western Kentucky University General Receipts Bonds, Series 2007A. The \$43,180,000 proceeds generated from the bond issue were used to fund a portion of the renovation/expansion of Academic Athletic Complex #2, South Campus Parking and Dining, Math and Science Academy, Student Health Services Center and for Information Technology Infrastructure improvements.

On February 18, 2009, the University issued Western Kentucky University General Receipts Bonds, Series 2009A. The \$46,900,000 proceeds generated from the bond issue were used to fund a portion of the renovation/expansion of Van Meter Hall, Preston Center, Ivan Wilson Center, Science Campus, Grise Hall and various parking lots across campus.

On November 15, 2011, the University issued Western Kentucky University General Receipts Refunding Bonds, Series 2011A. The \$6,905,000 proceeds were used as a refunding source for the Western Kentucky University Consolidated Educational Buildings Revenue Bond, Series P.

On June 6, 2012, the University issued Western Kentucky University General Receipts Bonds, Series 2012A. The \$35,860,000 proceeds generated from the bond issue were used for the Phase 3 renovation of Downing Student Union.

On June 6, 2012, the University issued Western Kentucky University General Receipts Refunding Bonds, Series 2012B. The \$6,450,000 proceeds were used as a refunding source for Western Kentucky University Consolidated Educational Buildings Revenue Bond, Series Q.

On October 29, 2013, the University issued Western Kentucky University General Receipts Bonds, Series 2013A. The \$36,095,000 proceeds generated from the bond issue were used to construct the Honors College/International Center and to complete the renovation of Downing Student Union.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

On October 13, 2015, the University issued Western Kentucky University General Receipts Refunding Bonds, Series 2015A. The \$5,960,000 proceeds were used as a partial refunding source for Western Kentucky University General Receipts Bonds, Series 2006A. The refunding of the 2006A bonds decreased the University's debt service payments over the remaining 11 years by approximately \$367,000 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$328,000.

On March 17, 2016, the University issued Western Kentucky University General Receipts Refunding Bonds, Series 2016A. The \$23,240,000 proceeds were used as a partial refunding source for Western Kentucky University General Receipts Bonds, Series 2007A. The refunding of the 2007A bonds decreased the University's debt service payments over the remaining 18 years by approximately \$1.6 million and resulted in an economic gain of approximately \$1.4 million.

On October 25, 2016, the University issued Western Kentucky University General Receipts Bonds, Series 2016B. The \$8,905,000 proceeds are being used to construct a parking structure.

On October 25, 2016, the University issued Western Kentucky University General Receipts Refunding Bonds, Series 2016C. The \$27,395,000 proceeds were used as a partial refunding source for Western Kentucky University General Receipts Bonds, Series 2009A. The refunding of the 2009A bonds will decrease the University's debt service payments over the next 13 years by approximately \$2.86 million and resulted in an economic gain of approximately \$2.5 million.

On August 5, 2022, the University issued Western Kentucky University General Receipts Refunding Bonds, Series 2022B. The \$10,315,000 proceeds were used to redeem the conduit debt of the City of Bowling Green, Kentucky General Obligation and Special Revenue Refunding Bonds 2010 Series A for present value savings.

On August 12, 2022, the University issued Western Kentucky University General Receipts Bonds, Series 2022A. The \$41,685,000 proceeds were procured for the following purposes: (1) construction of a new athletic fieldhouse which will be used by the football team, marching band, intramural sports teams and other various campus groups; and (2) to renovate the press box in Houchens Smith Stadium.

Pledges Payable

The University pledged certain future revenues consisting of student athletic fees to the City. The University signed a Memorandum of Agreement dated April 15, 2002, and amended by supplement No. 1 dated June 1, 2002, between the City, Hilltopper Athletic Foundation (the "HAF") and the University. Under this agreement, the University and the HAF have agreed to pledge certain future revenues in exchange for the renovation of E. A. Diddle Arena, financed by General Obligation and Special Revenues Bonds Series 2002B and 2002C issued by the City. These bonds constituted general obligations of the City and the full faith, credit, and taxing power of the City.

In the signed Memorandum of Agreement, as amended, the University agreed to (a) pledge the student athletic fees to the City for the payment of principal and interest on Series 2002B bonds and on a subordinated basis on Series 2002C bonds and (b) the University and HAF pledged the suite rentals (defined as annual suite rental minus annual HAF contributions) to the City on Series 2002C bonds. Additionally, the University agreed to pay to the City the proceeds from the sale of naming rights to Diddle Arena (if any) for Series 2002B bonds. The University also covenanted and agreed to maintain the student athletic fees in amounts not less than the principal and interest of the bonds.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

During 2011, the City issued Series 2010 General Obligation Bonds for the purpose of refunding the City's General Obligation and Special Revenue Series 2002B. The new Series 2010 effectively refunded a portion of the original 2002B issue. With the refunding issue, the University has recorded the principal of the Series 2010 City Bonds as pledges payable to the City. Financing for the original issue was used for the improvement of University facilities. Financing for the refunding issue was used to refund a portion of the original 2002B issue, and likewise, an effective refinancing of the original pledges payable to the City. As described above, under the Memorandum of Agreement, as amended, the University agreed to pledge the student athletic fees to the City for the payment of principal and interest on the Series 2010 Bonds. The University covenanted and agreed to maintain the student athletic fees in amounts not less than the principal and interest of the bonds.

The University has recorded the principal balances of the refunding issue Series 2010 City Bonds as pledges payable to the City.

On August 5, 2022, the University issued Western Kentucky University General Receipts Bonds, Series 2022B on August 5, 2022. The \$10,315,000 proceeds were used to redeem the conduit debt of the City of Bowling Green, Kentucky General Obligation and Special Revenue Refunding Bonds 2010 Series A for present value savings.

NOTE 9 – LEASE LIABILITIES

The University leases certain assets the terms of which expire in various years through 2044. During the years ended June 30, 2024 and 2023, respectively, the University recognized \$336,812 and \$320,410 of rental expense for variable payments not previously included in the measurement of lease liability.

The following is a summary of lease liabilities transactions for the University for the year ended June 30, 2024:

	<u>Balance</u> <u>July 1, 2023</u>		<u>Additions</u>		<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion</u>
Lease liabilities	\$ 29,212,910	\$	50,776	\$	(805,555)	\$ 28,458,131	\$ 1,138,654

The following is a summary of lease liabilities transactions for the University for the year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>		<u>Additions</u>		<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>
Lease liabilities	\$ 29,952,161	\$	477,664	\$	(1,216,915)	\$ 29,212,910	\$ 789,684

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 9 – LEASE LIABILITIES (Continued)

The following is a schedule by year of future minimum payments under the leases as of June 30, 2024:

Year ending June 30:	Total to Be <u>Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,081,479	\$ 1,138,654	\$ 942,825
2026	2,026,368	1,117,998	908,370
2027	2,080,557	1,208,094	872,463
2028	2,139,976	1,305,990	833,986
2029	2,035,676	1,241,746	793,930
2030-2034	11,816,646	8,575,429	3,241,217
2035-2039	13,253,625	11,739,258	1,514,367
2040-2044	<u>2,279,252</u>	<u>2,130,962</u>	<u>148,290</u>
	<u>\$ 37,713,579</u>	<u>\$ 28,458,131</u>	<u>\$ 9,255,448</u>

NOTE 10 – SUBSCRIPTION LIABILITIES

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. During the years ended June 30, 2024 and 2023, respectively, the University recognized \$258,712 and \$276,401 of subscription expense for variable payments not previously included in the measurement of subscription liability.

The following is a summary of SBITA liabilities transactions for the University for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Current Portion</u>
SBITA liabilities	\$ 2,056,022	\$ 1,681,830	\$ (2,085,405)	\$ 1,652,447	\$ 758,085

The following is a summary of SBITA liabilities transactions for the University for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>
SBITA liabilities	\$ 3,861,483	\$ 1,237,278	\$ (3,042,739)	\$ 2,056,022	\$ 1,460,876

(Continued)

WESTERN KENTUCKY UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024 and 2023

NOTE 10 – SUBSCRIPTION LIABILITIES (Continued)

The following is a schedule by year of payments under the SBITAs as of June 30, 2024:

Year ending June 30:	Total to Be <u>Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 793,112	\$ 758,085	\$ 35,027
2026	431,950	414,904	17,046
2027	264,384	255,519	8,865
2028	<u>225,864</u>	<u>223,939</u>	<u>1,925</u>
	<u>\$ 1,715,310</u>	<u>\$ 1,652,447</u>	<u>\$ 62,863</u>

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Employees of the University are covered by one of three pension plans: the Optional Retirement Plan, the Kentucky Employees' Retirement System Plan, and the Kentucky Teachers Retirement System Plan.

Optional Retirement Plan

Plan Description – University faculty and administrative staff hired after July 1, 1996, have the option of participating in the Optional Retirement Program, a defined contribution pension plan. The plan is administered by one of three providers chosen by the employee. The plan provides retirement benefits to plan members. Benefit provisions are contained in the plan document and were established and may be amended by action of the Commonwealth of Kentucky.

For the years ended June 30, 2024 and 2023, contribution rates for plan members and the University expressed as a percentage of covered payrolls were 6.16% and 8.74%, respectively. Of the University's 8.74% contribution, 0.00% is paid to Kentucky Teachers' Retirement System for unfunded liabilities.

Covered payroll totaled \$57,666,869 and \$54,409,191 for the years ended June 30, 2024 and 2023. The University's contributions to the Optional Retirement Program for the years ended June 30, 2024 and 2023 were \$5,040,087 and \$4,755,366, respectively. Employees' contributions to the Optional Retirement Program for the years ended June 30, 2024 and 2023 were \$3,552,789 and \$3,351,621 respectively.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System

Plan Description - The University contributes to the Kentucky Employees' Retirement System (KERS), a cost-sharing, multiple-employer defined benefit pension and OPEB plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees ("KPPA Board") of KPPA administers the KERS, County Employees Retirement System, and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute Sections 16.555, 61.570, and 78.630.

KRS issues a publicly available financial report that includes audited financial statements and audited required supplementary information for KERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of KERS and additions to/deductions from KERS's fiduciary net position have been determined on the same basis as they are reported by KERS. 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.

Pension Benefits Provided: The information below summarizes the major retirement benefit provisions of KERS-Non-Hazardous and Hazardous plans. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

WESTERN KENTUCKY UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Employees Retirement System (Continued)

Non-Hazardous

	Tier 1 Participation Prior to <u>9/1/2008</u>	Tier 2 Participation <u>9/1/2008 through 12/31/13</u>	Tier 3 Participation <u>1/1/2014</u>
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	
Reduced Retirement Benefit	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

(Continued)

WESTERN KENTUCKY UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Employees Retirement System (Continued)

Hazardous

	Tier 1 Participation Prior to <u>9/1/2008</u>	Tier 2 Participation <u>9/1/2008 through 12/31/13</u>	Tier 3 Participation <u>1/1/2014</u>
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Highest 3 fiscal years (must contain at least 24 months). Includes lump-sum compensation payments (before and at retirement).	3 highest salaries; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	2.49%	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 26 years = 2.25%. Greater than 25 years = 2.50%.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 20 years of service. Age 55 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.
Reduced Retirement Benefit	Age 50 with 15 years of service.	Age 50 with 15 years of service.	No reduced retirement benefit.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

OPEB Benefits Provided: The information below summarizes the major retirement benefit provisions of KERS-Non-Hazardous and Hazardous plans. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service, and surviving spouse of a retiree.

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of \$10 (Non-hazardous) and \$15 (Hazardous) for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: Tier 3 insurance benefits are identical to Tier 2, except Tier 3 members are required to have at least 180 months of service in order to be eligible.

Contributions: The University was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KPPA Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KPPA 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 KPPA Board.

For the fiscal years ended June 30, 2024 and 2023, participating employers in the Nonhazardous plan contributed 9.97% (7.82% allocated to pension and 2.15% allocated to OPEB), as set by KPPA, respectively, of each Nonhazardous employee's creditable compensation. For the fiscal years ended June 30, 2024 and 2023, participating employers in the Hazardous plan contributed 31.82% (31.82% allocated to pension and 0.00% allocated to OPEB) as set by KPPA, respectively, of each Hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KPPA are financed through employer contributions and investments earnings.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2024 and 2023. Total contributions by the Plan were \$11,172,430 (\$9,034,821 related to pension and \$2,137,609 related to OPEB) and \$11,188,447 (\$9,029,608 related to pension and \$2,158,839 related to OPEB) for the years ended June 30, 2024 and 2023, respectively. The OPEB contributions amount does not include the implicit subsidy of \$220,683 and \$470,563 for the fiscal years ended June 30, 2024 and 2023, respectively.

Members whose participation began before 9/1/2008:

Nonhazardous contributions equal 5% and Hazardous contributions equal 8% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Member entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008:

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Members whose participation on or after 1/1/2014:

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Pension Information

Total Pension Liability: The total pension liability ("TPL") was measured as of June 30, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Price inflation	2.30 percent
Salary increases	3.30 to 15.30 percent (Non-hazardous) and 3.55 to 20.05 (Hazardous), varies by service
Amortization period	30 years, closed
Investment rate of return	5.25 percent (Non-hazardous) and 6.25 percent (Hazardous)

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Employees Retirement System (Continued)

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

June 30, 2022:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Price inflation	2.30 percent
Salary increases	3.30 to 15.30 percent (Non-hazardous) and 3.55 to 20.05 (Hazardous), varies by service
Amortization period	30 years, closed
Investment rate of return	5.25 percent (Non-hazardous) and 6.25 percent (Hazardous)

The mortality table used for active members is PUB-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

- (a) Discount Rate: The discount rate used to measure the total pension liability was 5.25% (Non-hazardous) and 6.25% (Hazardous) for both June 30, 2023 and June 30, 2022.
- (b) Projected Cash Flows: The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the statutorily determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability.
- (c) Long-Term Rate of Return: The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) Municipal Bond Rate: The discount rate determination does not use a municipal bond rate.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

- (e) Periods of Projected Benefit Payments: The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the total pension liability.
- (f) Assumed Asset Allocation: The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

2023 Non-hazardous

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
Public Equity	32.50%	5.90%
Private Equity	7.00%	11.73%
Fixed Income		
Core Bonds	20.50%	2.45%
Specialty Credit/High Yield	15.00%	3.65%
Cash	5.00%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	<u>10.00%</u>	5.15%
Total	<u>100.00%</u>	

2022 Non-hazardous

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
Public Equity	32.50%	4.45%
Private Equity	7.00%	10.15%
Fixed Income		
Core Bonds	20.50%	0.28%
Specialty Credit/High Yield	15.00%	2.28%
Cash	5.00%	-0.91%
Inflation Protected		
Real Estate	10.00%	3.67%
Real Return	<u>10.00%</u>	4.07%
Total	<u>100.00%</u>	

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

2023 Hazardous

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
Public Equity	43.50%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	15.00%	3.65%
Cash	1.50%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	<u>10.00%</u>	5.15%
Total	<u>100.00%</u>	

2022 Hazardous

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
Public Equity	43.50%	4.45%
Private Equity	10.00%	10.15%
Fixed Income		
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	15.00%	2.28%
Cash	1.50%	-0.91%
Inflation Protected		
Real Estate	10.00%	3.67%
Real Return	<u>10.00%</u>	4.07%
Total	<u>100.00%</u>	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 5.25% (Non-hazardous) and 6.25% (Hazardous) based on a blending of the factors described above for both years ended June 30, 2023 and 2022.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

(g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the University's allocated portion of the Non-hazardous net pension liability ("NPL") of the System as of June 30, 2023 and 2022, calculated using the discount rate of 5.25 percent, as well as what the University's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.25 percent) or 1 percentage-point higher (6.25 percent) than the current rate:

2023

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The University's net pension liability - Non-hazardous	\$ 133,350,494	\$ 116,017,893	\$ 101,654,410

2022

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The University's net pension liability - Non-hazardous	\$ 147,791,532	\$ 128,496,201	\$ 112,608,269

The following presents the University's allocated portion of the Hazardous net pension liability ("NPL") of the System, calculated using the discount rate of 6.25 percent, as well as what the University's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.25 percent) or 1 percentage-point higher (7.25 percent) than the current rate:

2023

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The University's net pension liability – Hazardous	\$ 2,777,869	\$ 2,024,083	\$ 1,413,412

2022

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The University's net pension liability – Hazardous	\$ 3,825,013	\$ 2,894,770	\$ 2,140,912

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Employer's Portion of the Collective Net Pension Liability: The University's proportionate share of the Non-hazardous net pension liability at June 30, 2024 and 2023 is \$116,017,893, or approximately 0.942%, and, \$128,496,201, or approximately 0.969% respectively. The University's proportionate share of the Hazardous net pension liability at June 30, 2024 and 2023 is \$2,024,083, or approximately 0.479%, and \$2,894,770, or approximately 0.570%, respectively. The net pension liabilities were distributed based on the employers' covered payroll provided for the measurement periods ending June 30, 2023 and 2022, respectively, and actual employer contributions to the plan for the measurement periods ending June 30, 2022 and 2021, respectively.

Measurement Date: June 30, 2022 and 2021 are the actuarial valuation dates and June 30, 2023 and 2022 are the measurement dates upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: The 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".

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

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

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Pension Expense: The University was allocated pension income (expense) of \$(401,223) and \$(4,526,820) related to the KERS Non-Hazardous and \$(207,324) and \$103,056 related to the KERS Hazardous for the years ended June 30, 2024 and 2023, respectively.

Deferred Outflows and Deferred Inflows: 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 as deferred inflows. If they will increase pension expense they are labeled as 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. Deferred inflows and outflows as of the Measurement Date include:

<u>2024 Non-hazardous</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,434,398	\$ 1,402
Change of assumptions	-	3,187,920
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	1,767,159
Net differences between expected and actual investment earning on plan investments	<u>117,998</u>	<u>-</u>
	1,552,396	4,956,481
Contributions subsequent to the measurement date	<u>7,774,932</u>	<u>-</u>
Total	<u>\$ 9,327,328</u>	<u>\$ 4,956,481</u>

<u>2023 Non-hazardous</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 150,530
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	1,350,479
Net differences between expected and actual investment earning on plan investments	<u>497,991</u>	<u>-</u>
	497,991	1,501,009
Contributions subsequent to the measurement date	<u>7,852,149</u>	<u>-</u>
Total	<u>\$ 8,350,140</u>	<u>\$ 1,501,009</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$7,774,932 will be recognized as a reduction of net pension liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2025	\$ (3,614,445)
2026	(215,443)
2027	519,061
2028	<u>(93,258)</u>
	<u>\$ (3,404,085)</u>

2024 Hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 7,296
Change of assumptions	-	55,482
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	230,212
Net differences between expected and actual investment earning on plan investments	<u>-</u>	<u>9,920</u>
	-	302,910
Contributions subsequent to the measurement date	<u>1,259,888</u>	<u>-</u>
Total	<u>\$ 1,259,888</u>	<u>\$ 302,910</u>

2023 Hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 25,129	\$ 51,997
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	62,057
Net differences between expected and actual investment earning on plan investments	<u>122,396</u>	<u>-</u>
	147,525	114,054
Contributions subsequent to the measurement date	<u>1,177,459</u>	<u>-</u>
Total	<u>\$ 1,324,984</u>	<u>\$ 114,054</u>

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$1,259,888 will be recognized as a reduction of net pension liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:		
2025	\$	(306,669)
2026		(48,040)
2027		76,302
2028		<u>(24,503)</u>
	<u>\$</u>	<u>(302,910)</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports.

OPEB Information

Total OPEB Liability: The total OPEB liability was measured as of June 30, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023:

Actuarial valuation date	June 30, 2022
Price inflation	2.30 percent
Payroll growth rate	0.00 percent
Salary increases	3.30 to 15.30 percent (Non-hazardous) and 3.55 to 20.05 percent (Hazardous), varies by service
Investment rate of return	6.25 percent
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.30 percent at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.
Post-65	Initial trend starting at 6.30 percent at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.

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

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Employees Retirement System (Continued)

June 30, 2022:

Actuarial valuation date	June 30, 2021
Price inflation	2.30 percent
Payroll growth rate	0.00 percent
Salary increases	3.30 to 15.30 percent (Non-hazardous) and 3.55 to 20.05 percent (Hazardous), varies by service
Investment rate of return	6.25 percent
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.20 percent at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.
Post-65	Initial trend starting at 9.00 percent at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.

The mortality table used for active members is PUB-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

- (a) Discount Rate: The discount rate used to measure the total Non-hazardous OPEB liability was 5.94% and 5.72% as of June 30, 2023 and 2022, respectively. The discount rate used to measure the total Hazardous OPEB liability was 5.94% and 5.59% as of June 30, 2023 and 2022, respectively. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected separately to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not currently being 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 trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (b) Projected Cash Flows: The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Employees Retirement System (Continued)

- (c) Long-Term Rate of Return: The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) Municipal Bond Rate: The discount rate determination used a municipal bond rate of 3.86% and 3.69% as of June 30, 2023 and 2022, respectively as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023 and 2022, respectively.
- (e) Period of Projected Benefit Payments: Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (f) Assumed Asset Allocations: The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>2023 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	43.50%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	15.00%	3.65%
Cash	1.50%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	<u>10.00%</u>	5.15%
Total	<u>100.00%</u>	

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

<u>2022 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Real Rate of Return</u>
Equity		
Public Equity	43.50%	4.45%
Private Equity	10.00%	10.15%
Fixed Income		
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	15.00%	2.28%
Cash	1.50%	-0.91%
Inflation Protected		
Real Estate	10.00%	3.67%
Real Return	<u>10.00%</u>	4.07%
Total	<u>100.00%</u>	

The long-term expected rate of return on pension plan assets was established by the KPPA Board of Trustees at 8.06% and 6.25% as of June 30, 2023 and 2022, respectively, based on a blending of the factors described above.

Sensitivity Analysis: This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

Non-hazardous

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System as of June 30, 2023, calculated using the discount rate of 5.94 percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.94 percent) or 1-percentage-point higher (6.94 percent) than the current rate for Non-hazardous:

<u>2023</u>	<u>1% Decrease (4.94%)</u>	<u>Current Discount Rate (5.94%)</u>	<u>1% Increase (6.94%)</u>
The University's Net OPEB liability – Non-hazardous	\$ 8,535,133	\$ 6,346,222	\$ 4,505,528

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System as of June 30, 2022, calculated using the discount rate of 5.72 percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.72 percent) or 1-percentage-point higher (6.72 percent) than the current rate for Non-hazardous:

2022

	Current 1% Decrease <u>(4.72%)</u>	Discount Rate <u>(5.72%)</u>	1% Increase <u>(6.72%)</u>
The University's Net OPEB liability – Non-hazardous	\$ 27,021,088	\$ 22,570,715	\$ 18,475,201

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Non-hazardous:

2023

	<u>1% Decrease</u>	Current Healthcare <u>Cost Trend Rate</u>	<u>1% Increase</u>
The University's Net OPEB liability – Non-hazardous	\$ 4,652,217	\$ 6,346,222	\$ 8,396,871

2022

	<u>1% Decrease</u>	Current Healthcare <u>Cost Trend Rate</u>	<u>1% Increase</u>
The University's Net OPEB liability – Non-hazardous	\$ 18,556,883	\$ 22,570,715	\$ 26,881,234

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Hazardous

The following presents the University's allocated portion of the Hazardous net OPEB (asset) liability of the System as of June 30, 2023, calculated using the discount rate of 5.94% percent, as well as what the University's allocated portion of the System's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.94 percent) or 1-percentage-point higher (6.94 percent) than the current rate for Hazardous:

<u>2023</u>	1% Decrease <u>(4.94%)</u>	Current Discount Rate <u>(5.94%)</u>	1% Increase <u>(6.94%)</u>
The University's Net OPEB (asset) liability – Hazardous	\$ (745,931)	\$ (995,503)	\$ (1,201,779)

The following presents The University's allocated portion of the Hazardous net OPEB (asset) liability of the System as of June 30, 2022, calculated using the discount rate of 5.59% percent, as well as what the University's allocated portion of the System's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.59 percent) or 1-percentage-point higher (6.59 percent) than the current rate for Hazardous:

<u>2022</u>	1% Decrease <u>(4.59%)</u>	Current Discount Rate <u>(5.59%)</u>	1% Increase <u>(6.59%)</u>
The University's Net OPEB (asset) liability – Hazardous	\$ 521,515	\$ 43,495	\$ (344,550)

The following presents the University's allocated portion of the Hazardous net OPEB (asset) liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the University's allocated portion of the System's net OPEB (asset) liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Hazardous:

<u>2023</u>	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB (asset) liability – Hazardous	\$ (1,147,302)	\$ (995,503)	\$ (810,274)

<u>2022</u>	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB (asset) liability – Hazardous	\$ (307,583)	\$ 43,495	\$ 469,852

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Employer's Portion of the Collective OPEB Liability: The University's proportionate share of the Non-hazardous net OPEB liability at June 30, 2024 and 2023 is \$6,346,222, or approximately 0.809%, and \$22,570,715, or approximately 1.020%, respectively. The University's proportionate share of the Hazardous net OPEB (asset) liability at June 30, 2024 and 2023 is \$(995,503), or approximately 0.479% and \$43,495, or approximately 0.570%, respectively. The net OPEB (assets) liabilities were distributed based on the 2023 and 2022 actual employer contributions to the plan.

Measurement Date: June 30, 2022 and 2021 are the actuarial valuation dates and June 30, 2023 and 2022 are the measurement dates upon which the total OPEB (asset) liability is based.

Changes in Assumptions and Benefit Terms: The 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". Additionally, the discount rate used to calculate the total OPEB liability increased from 5.72% to 5.94% for the KERS non-hazardous insurance plan and from 5.59% to 5.94% for the KERS hazardous insurance plan.

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

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

OPEB Expense: The University was allocated OPEB income (expense) of \$(5,354,954) and \$(760,065) related to the KERS Non-Hazardous and \$(199,714) and \$144,198 related to the KERS Hazardous for the years ending June 30, 2024 and 2023, respectively.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Deferred Outflows and Deferred Inflows: 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 OPEB expense they are labeled as deferred inflows. If they will increase OPEB 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. Deferred inflows and outflows as of the Measurement Date include:

2023 Non-hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 8,630,371
Change of assumptions	620,966	700,569
Changes in proportion and differences between employer contributions and proportionate shares of contributions	345,795	3,874,076
Net differences between expected and actual investment earning on plan investments	<u>1,153</u>	<u>-</u>
	967,914	13,205,016
Contributions subsequent to the measurement date	<u>2,355,065</u>	<u>-</u>
Total	<u>\$ 3,322,979</u>	<u>\$ 13,205,016</u>

2022 Non-hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 549,931	\$ 1,807,825
Change of assumptions	1,268,695	1,497,425
Changes in proportion and differences between employer contributions and proportionate shares of contributions	585,931	2,267,624
Net differences between expected and actual investment earning on plan investments	<u>460,506</u>	<u>-</u>
	2,865,063	5,572,874
Contributions subsequent to the measurement date	<u>2,609,391</u>	<u>-</u>
Total	<u>\$ 5,474,454</u>	<u>\$ 5,572,874</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Employees Retirement System (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$2,355,065 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2025	\$ (5,545,020)
2026	(4,954,142)
2027	(1,663,473)
2028	<u>(74,467)</u>
	<u>\$ (12,237,102)</u>

2023 Hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 16,516	\$ 822,870
Change of assumptions	112,437	133,711
Changes in proportion and differences between employer contributions and proportionate shares of contributions	2,813	27,169
Net differences between expected and actual investment earning on plan investments	<u>-</u>	<u>27,937</u>
Contributions subsequent to the measurement date	<u>131,766</u>	<u>1,011,687</u>
	<u>3,227</u>	<u>-</u>
Total	<u>\$ 134,993</u>	<u>\$ 1,011,687</u>

2022 Hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 54,200	\$ 179,095
Change of assumptions	250,677	208,541
Changes in proportion and differences between employer contributions and proportionate shares of contributions	7,749	23,816
Net differences between expected and actual investment earning on plan investments	<u>54,396</u>	<u>-</u>
Contributions subsequent to the measurement date	<u>367,022</u>	<u>411,452</u>
	<u>20,011</u>	<u>-</u>
Total	<u>\$ 387,033</u>	<u>\$ 411,452</u>

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$3,227 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2025	\$ (245,388)
2026	(297,225)
2027	(210,019)
2028	<u>(127,289)</u>
	<u>\$ (879,921)</u>

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plans' fiduciary net position is available in the separately issued OPEB plan financial reports.

Kentucky Teachers' Retirement System

Plan Description: All full-time University faculty members and certain other staff occupying a position requiring certification or graduation from a four-year college or university as a condition of employment are covered by the Kentucky Teachers' Retirement System (KTRS), a cost sharing - multiple employer public employee retirement system. KTRS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service.

KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601, by calling (502) 573-3266, or visiting the website at <http://trs.ky.gov>.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, pension and OPEB expense, information about the fiduciary net position of the Kentucky Teachers' Retirement System of the State of Kentucky (KTRS) and additions to/deductions from KTRS's fiduciary net position have been determined on the same basis as they are reported by KTRS. 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.

(Continued)

WESTERN KENTUCKY UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Teachers' Retirement System

Pension Plan Information

Pension Benefits Provided: The information below summarizes the major retirement benefit provisions of KTRS plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

	Tier 1 Participation Prior to <u>July 1, 2008</u>	Tier 2 Participation on or After <u>July 1, 2008</u>
Covered Employees:	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit:	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement.	

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

Contributions - Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2024 and 2023, University employees were required to contribute 8.185% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.865% (13.010% allocated to pension, 2.775% allocated to medical insurance and 0.080% allocated to life insurance) of covered payroll for plan members hired on or after July 1, 2008 and 9.775% (7.695% allocated to pension, 2.000% allocated to medical insurance and 0.080% allocated to life insurance) of covered payroll for plan members hired on or after January 1, 2022 for the fiscal years ended June 30, 2024 and 2023. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2024 and 2023. Total contributions by the Plan were \$7,010,874 (\$5,735,147 related to pension and \$1,275,727 related to OPEB) and \$6,943,857 (\$5,686,652 related to pension and \$1,257,205 related to OPEB) for the years ended June 30, 2024 and 2023, respectively. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled \$6,317,157 and \$7,242,560 for the years ending June 30, 2024 and 2023.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2024 and 2023, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

	<u>2024</u>	<u>2023</u>
University's proportionate share of the net pension liability	\$ 84,031,212	\$ 75,517,054
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	<u>93,465,374</u>	<u>98,135,777</u>
	<u>\$ 177,496,586</u>	<u>\$ 173,652,831</u>

The net pension liability was measured as of June 30, 2024 and 2023. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2024 and 2023 University's proportion was 0.472% and 0.427%, respectively, and the Commonwealth of Kentucky's proportion associated with the University was 0.526% and 0.554%, respectively.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

For the years ended June 30, 2024 and 2023, the University recognized pension expense of \$14,559,668 and \$(11,489,331), and revenue of \$10,677,385 and \$2,080,889, respectively. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>2024</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (1,029,505)	\$ -
Change in assumptions	4,047,618	-
Net difference between projected and actual earnings on investments	2,096,736	-
Changes in proportionate share of contributions	<u>6,441,313</u>	<u>6,595,706</u>
	11,556,162	6,595,706
Contributions subsequent to the measurement date	<u>5,735,147</u>	-
	<u>\$ 17,291,309</u>	<u>\$ 6,595,706</u>
<u>2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (2,621,914)	\$ -
Change in assumptions	6,849,495	-
Net difference between projected and actual earnings on investments	4,812,382	-
Changes in proportionate share of contributions	<u>-</u>	<u>14,390,903</u>
	9,039,963	14,390,903
Contributions subsequent to the measurement date	<u>5,686,652</u>	-
	<u>\$ 14,726,615</u>	<u>\$ 14,390,903</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Teachers' Retirement System (Continued)

At June 30, 2024 and 2023, the University reported \$5,735,147 and \$5,686,652, respectively, as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2023, related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 604,157
2026	(1,317,071)
2027	6,092,748
2028	<u>(419,378)</u>
	<u>\$ 4,960,456</u>

Actuarial assumptions - The total pension liability ("TPL") was determined by actuarial valuations as of June 30, 2022 and 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.50%
Salary Increases	3.00% - 7.50%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the Pub2010 Mortality Table, projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used in the June 30, 2022 and 2021 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020 adopted by the Board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

The long-term expected return on plan 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

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

<u>2023 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Other Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	<u>2.0%</u>	1.6%
Total	<u>100.0%</u>	

<u>2022 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.1%
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	<u>2.0%</u>	-0.3%
Total	<u>100.0%</u>	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - There were no changes since the prior measurement date.

Changes Since Measurement Date - There were no changes between the measurement date of the collective net pension liability and the University reporting date that are expected to have a significant effect on the University's proportionate share of the collective net pension liability.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

Discount rate - The discount rate used to measure the total pension liability at both June 30, 2024 and 2023 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 contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>2023</u>	1% Decrease (<u>6.10%</u>)	Current Discount Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
Proportionate share of the Collective Net Pension Liability (<i>in thousands</i>)	\$ 108,078,862	\$ 84,031,212	\$ 64,149,673
<u>2022</u>	1% Decrease (<u>6.10%</u>)	Current Discount Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
Proportionate share of the Collective Net Pension Liability (<i>in thousands</i>)	\$ 96,495,188	\$ 75,517,054	\$ 58,201,353

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

Medical Insurance Plan

Plan Description - In addition to the OPEB benefits previously described, Kentucky Revised Statute 161.675 requires KTRS to provide post-employment healthcare benefits to eligible members and dependents. The KTRS 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 KTRS 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 KTRS 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. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2024 and 2023, the University reported a liability of \$15,683,000 and \$20,220,000, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 and 2022, the University's proportion was 0.644% and 0.814%, respectively.

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2024 and 2023 that was associated with the University were as follows:

	<u>2024</u>	<u>2023</u>
University's proportionate share of the net OPEB liability	\$ 15,683,000	\$ 20,220,000
State's proportionate share of the net OPEB liability associated with the University	<u>7,438,000</u>	<u>1,270,000</u>
Total	<u>\$ 23,121,000</u>	<u>\$ 21,490,000</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

For the years ended June 30, 2024 and 2023, the University recognized OPEB expense of \$(248,000) and \$(543,000), and revenue (expense) of \$692,000 and \$(54,000), respectively, for support provided by the State. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

2024

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 5,316,000
Changes of assumptions	3,565,000	-
Net difference between projected and actual earnings on OPEB plan investments	293,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	<u>4,471,000</u>	<u>6,095,000</u>
	8,329,000	11,411,000
University contributions subsequent to the measurement date	<u>1,239,027</u>	<u>-</u>
Total	<u>\$ 9,568,027</u>	<u>\$ 11,411,000</u>

2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 8,499,000
Changes of assumptions	4,106,000	-
Net difference between projected and actual earnings on OPEB plan investments	1,075,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	<u>5,481,000</u>	<u>2,868,000</u>
	10,662,000	11,367,000
University contributions subsequent to the measurement date	<u>1,221,461</u>	<u>-</u>
Total	<u>\$ 11,883,461</u>	<u>\$ 11,367,000</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Teachers' Retirement System (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,239,027 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2025	\$(1,465,000)
2026	(1,191,000)
2027	73,000
2028	119,000
2029	(222,000)
Thereafter	<u>(396,000)</u>
	<u>\$ (3,082,000)</u>

Actuarial Assumptions - The total OPEB liability measured at June 30, 2023 and 2022 were determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023:

Actuarial valuation date	June 30, 2022
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates:	
Medical Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.66%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Teachers' Retirement System (Continued)

June 30, 2022:

Actuarial valuation date	June 30, 2021
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates:	
Under 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%
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 MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees, and active members.

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

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

The long-term expected 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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(Continued)

WESTERN KENTUCKY UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Teachers' Retirement System (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:

<u>2023 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	<u>1.0%</u>	1.6%
Total	<u>100.0%</u>	

<u>2022 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional Category: High Yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash (LIBOR)	<u>1.0%</u>	-0.3%
Total	<u>100.0%</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 assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

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

<u>2023</u>	1% Decrease (<u>6.10%</u>)	Current Discount Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
University's net OPEB liability (MI)	\$ 20,172,000	\$ 15,683,000	\$ 11,973,000
<u>2022</u>	1% Decrease (<u>6.10%</u>)	Current Discount Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
University's net OPEB liability (MI)	\$ 25,369,000	\$ 20,220,000	\$ 15,957,000

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

<u>2023</u>	<u>1% Decrease</u>	Current <u>Trend Rate</u>	<u>1% Increase</u>
University's net OPEB liability (MI)	\$ 11,291,000	\$ 15,683,000	\$ 21,153,000
<u>2022</u>	<u>1% Decrease</u>	Current <u>Trend Rate</u>	<u>1% Increase</u>
University's net OPEB liability (MI)	\$ 15,158,000	\$ 20,220,000	\$ 26,515,000

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KTRS financial report.

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

Changes in Assumptions and Benefit Terms: There were no changes in benefit terms for the year ending June 30, 2024. For the year ending June 30, 2023, a new benefit tier was added for members joining the System on and after January 1, 2022. There were no other changes in benefit terms for the year ending June 30, 2023.

In fiscal year 2024, for KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older increased from 5.125% to 6.75%, and Medicare Part B Premiums decreased from 6.97% to 1.55%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older and Medicare Part B Premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

Life Insurance Plan

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

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

Contributions – In order to fund the post-retirement life insurance benefit, four hundredths of one percent (.04%) of the gross annual payroll of members is contributed by the state.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2024 and 2023, the University reported a liability of \$359,000 and \$387,000, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 and 2022, the University's proportion was 1.272% and 1.244%, respectively.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2024 and 2023 that was associated with the University were as follows:

	<u>2024</u>	<u>2023</u>
University's proportionate share of the net OPEB liability	\$ 359,000	\$ 387,000
State's proportionate share of the net OPEB liability associated with the University	-	-
Total	\$ 359,000	\$ 387,000

For the years ended June 30, 2024 and 2023, the University recognized OPEB expense of \$29,000 and \$31,000, and revenue of \$15,000 and \$16,000, respectively, for support provided by the State. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,000	\$ 41,000
Changes of assumptions	-	41,000
Net difference between projected and actual earnings on OPEB plan investments	64,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	7,000	44,000
	75,000	126,000
Contributions subsequent to the measurement date	36,700	-
Total	\$ 111,700	\$ 126,000

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,000	\$ 46,000
Changes of assumptions	-	51,000
Net difference between projected and actual earnings on OPEB plan investments	106,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	<u>-</u>	<u>60,000</u>
	112,000	157,000
Contributions subsequent to the measurement date	<u>35,744</u>	<u>-</u>
Total	<u>\$ 147,744</u>	<u>\$ 157,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$36,700 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2025	\$ (22,000)
2026	(22,000)
2027	23,000
2028	(28,000)
2029	(3,000)
Thereafter	<u>1,000</u>
	<u>\$ (51,000)</u>

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
 (Continued)

Kentucky Teachers' Retirement System (Continued)

Actuarial Assumptions – The total OPEB liability measured at June 30, 2023 and 2022 were determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023:

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	24 years
Asset valuation method	Five-year smoothed value
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.66%

June 30, 2022:

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 years
Asset valuation method	Five-year smoothed value
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.37%

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

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

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

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

The long-term expected 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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>2023 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
U.S. Equity	40.0%	5.2%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	<u>2.0%</u>	1.6%
Total	<u>100.0%</u>	

<u>2022 Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	<u>2.0%</u>	-0.3%
Total	<u>100.0%</u>	

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS
(Continued)

Kentucky Teachers' Retirement System (Continued)

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

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

<u>2023</u>	1% Decrease (<u>6.10%</u>)	Current Discount Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
University's net OPEB liability (LI)	\$ 578,000	\$ 359,000	\$ 182,000
<u>2022</u>	1% Decrease (<u>6.10%</u>)	Current Discount Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
University's net OPEB liability (LI)	\$ 598,000	\$ 387,000	\$ 216,000

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

Changes of benefit terms – There were no changes in benefit terms for the year ending June 30, 2024. For the year ending June 30, 2023, a new benefit tier was added for members joining the System on and after January 1, 2022. There were no other changes in benefit terms for the year ending June 30, 2023.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Claims and Litigation: The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the University.

Government Grants: The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

NOTE 13 - RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation, employee health and certain natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Prior to 2006, the University had joined together with other Kentucky governmental entities to form a public entity risk pool currently operating as a common risk management and insurance program for its members. The University paid an annual premium to the pool for its workers' compensation insurance coverage. The pool's governing agreement specified that the pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts. In 2006, the University began self-insuring workers' compensation claims. Risk Management Services Corporation administers the university's workers' compensation claims. During 2024 and 2023, there were no significant reductions in insurance coverage from the previous years.

Under its self-insured health plan, the University accrued the estimated costs of health care claims based on claims filed subsequent to year end and an additional amount for incurred but not yet reported claims based on prior experience.

Changes in the balance of the self-insured health liability as of June 30, 2024, 2023, and 2022, are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,217,850	\$ 1,352,580	\$ 1,214,587
Claims and changes in estimates	18,394,772	16,518,415	15,612,713
Claims payments	<u>(18,481,158)</u>	<u>(16,653,145)</u>	<u>(15,474,720)</u>
Balance, end of year	<u>\$ 1,131,464</u>	<u>\$ 1,217,850</u>	<u>\$ 1,352,580</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 13 - RISK MANAGEMENT (Continued)

Under its self-insured workers' compensation plan, the University accrued the estimated costs of workers' compensation claims based on claims filed subsequent to year end and an additional amount for incurred but not yet reported claims.

Changes in the balance of the self-insured workers' compensation liability as of June 30, 2024, 2023, and 2022 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 199,038	\$ 134,899	\$ 75,951
Claims and changes in estimates	185,290	390,389	142,787
Claims payments	<u>(200,173)</u>	<u>(326,250)</u>	<u>(83,839)</u>
Balance, end of year	<u>\$ 184,155</u>	<u>\$ 199,038</u>	<u>\$ 134,899</u>

NOTE 14 - REGIONAL UNIVERSITY EXCELLENCE TRUST FUND (RUETF)

The Kentucky General Assembly appropriated funds to the RUETF with the passage of the Postsecondary Education Improvement Act of 1997 (House Bill 1). The purpose of this fund is to encourage private investment in public higher education activities within the Commonwealth of Kentucky. These funds were made available when matched dollar-for-dollar from external sources. The Commonwealth's Council on Postsecondary Education (CPE) was designated to oversee the distribution and use of these funds.

The University, under Kentucky House Bill 502, enacted by the 2000 General Assembly, included the provisions that "the proceeds of the endowment program authorized under Part X, Section I of this Act shall be deposited in the Regional University Excellence Trust Fund Account and invested at the direction of the CPE. Upon receipt of certification, the Council shall transfer the endowment funds from the account to the respective universities for management and investment by the university foundations if the foundations have been previously created to manage and invest private gifts and donations on behalf of the universities over time, otherwise by the university itself."

The University transfers these state match funds to the Western Kentucky University Foundation, Inc. and the College Heights Foundation for investment purposes. The Western Kentucky University Foundation, Inc. and the College Heights Foundation are non-affiliated foundations under the governing laws of the Commonwealth of Kentucky. These Foundations are responsible for managing some of the fund raising and investing activities of the University. The University has recorded the state appropriated RUETF as assets held in trust in the Regional University Excellence Trust Fund (see Note 2 for the fair value of assets held in trust).

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - REGIONAL UNIVERSITY EXCELLENCE TRUST FUND (RUETF) (Continued)

Following is a summary of the funding for the RUETF as of June 30, 2024:

	CPE Funding <u>Received</u>	<u>External Matched Pledges</u>	
		<u>Received</u>	<u>Pledged</u>
Balance, July 1, 2023	\$ 14,211,209	\$ 16,393,173	\$ -
New Pledges	-	-	-
Current year collections	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2024	<u>\$ 14,211,209</u>	<u>\$ 16,393,173</u>	<u>\$ -</u>

Following is a summary of the funding for the RUETF as of June 30, 2023:

	CPE Funding <u>Received</u>	<u>External Matched Pledges</u>	
		<u>Received</u>	<u>Pledged</u>
Balance, July 1, 2022	\$ 14,211,209	\$ 16,393,173	\$ -
New Pledges	-	-	-
Current year collections	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2023	<u>\$ 14,211,209</u>	<u>\$ 16,393,173</u>	<u>\$ -</u>

The University's externally matched pledges, both received and outstanding, have not been recorded on the University's financial statements.

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 15 - NATURAL AND FUNCTIONAL CLASSIFICATIONS OF OPERATING EXPENSES

The University's operating (revenues) and expenses by functional classification on June 30, 2024, were as follows:

Functional Classification	Compensation and Benefits	Supplies Contractual Services and Other	Utilities	Non Capitalized Property	Scholarships	Depreciation	Total
Instruction	\$ 84,278,508	\$ 6,992,148	\$ 1,900	\$ 751,557	\$ -	\$ -	\$ 92,024,113
Research	4,372,271	2,912,378	2,362	(53,492)	-	-	7,233,519
Public service	10,277,558	7,278,098	48,559	344,324	-	-	17,948,539
Libraries	3,447,055	264,600	958	5,456	-	-	3,718,069
Academic support	18,805,736	3,625,857	473	281,903	-	-	22,713,969
Student services	22,568,663	15,668,296	5,305	297,521	-	-	38,539,785
Institutional support	26,913,807	12,453,717	8,104	472,360	-	-	39,847,988
Operation and maintenance of plant	8,615,285	11,862,965	5,756,137	349,514	-	-	26,583,901
Student financial aid	15,517	327,981	-	-	26,721,665	-	27,065,163
Pension and OPEB	(21,290,613)	-	-	-	-	-	(21,290,613)
Depreciation	-	-	-	-	-	28,832,888	28,832,888
Amortization	-	-	-	-	-	4,463,370	4,463,370
Auxiliary enterprise	<u>6,398,132</u>	<u>5,837,591</u>	<u>3,061,478</u>	<u>156,266</u>	<u>-</u>	<u>-</u>	<u>15,453,467</u>
Total operating expenses	<u>\$ 164,401,919</u>	<u>\$ 67,223,631</u>	<u>\$ 8,885,276</u>	<u>\$ 2,605,409</u>	<u>\$ 26,721,665</u>	<u>\$ 33,296,258</u>	<u>\$ 303,134,158</u>

The University's operating (revenues) and expenses by functional classification on June 30, 2023, were as follows:

Functional Classification	Compensation and Benefits	Supplies Contractual Services and Other	Utilities	Non Capitalized Property	Scholarships	Depreciation	Total
Instruction	\$ 81,818,335	\$ 9,286,426	\$ 1,871	\$ 847,786	\$ -	\$ -	\$ 91,954,418
Research	3,897,434	2,359,666	1,900	113,878	-	-	6,372,878
Public service	9,694,887	7,061,985	44,318	185,678	-	-	16,986,868
Libraries	3,487,937	531,590	1,971	111,922	-	-	4,133,420
Academic support	17,357,333	3,739,812	369	631,656	-	-	21,729,170
Student services	21,102,070	16,179,051	2,583	377,402	-	-	37,661,106
Institutional support	26,579,684	11,826,816	52,401	773,660	-	-	39,232,561
Operation and maintenance of plant	8,911,399	12,225,394	6,308,068	1,093,372	-	-	28,538,233
Student financial aid	54,886	543,493	-	44,945	28,150,692	-	28,794,016
Pension and OPEB	(38,667,518)	-	-	-	-	-	(38,667,518)
Depreciation	-	-	-	-	-	28,725,653	28,725,653
Amortization	-	-	-	-	-	4,696,330	4,696,330
Auxiliary enterprise	<u>5,439,561</u>	<u>5,736,649</u>	<u>3,217,525</u>	<u>70,767</u>	<u>-</u>	<u>-</u>	<u>14,464,502</u>
Total operating expenses	<u>\$ 139,676,008</u>	<u>\$ 69,490,882</u>	<u>\$ 9,631,006</u>	<u>\$ 4,251,066</u>	<u>\$ 28,150,692</u>	<u>\$ 33,421,983</u>	<u>\$ 284,621,637</u>

(Continued)

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 16 - WKU STUDENT LIFE FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES

Nature of Operations: WKU Student Life Foundation, Inc. (“Student Life”) is a Kentucky nonprofit corporation formed to facilitate the purchase, recapitalization, and renovation of the student residential facilities at the University. Student Life is a legally separate, tax-exempt component unit of the University that owns, and through its signed agreements with the University, operates 14 residence halls with approximately 4,891 beds on the main campus of the University. Student Life also constructed and owns two facilities that provide a total of 290 beds off the main campus. Student Life has a board of directors separate from that of the University; however, the chair and other members of the Western Kentucky University Foundation’s board of trustees are also board members of Student Life. Because Student Life and the Foundation have common boards of trustees, and as the purpose of Student Life is to operate exclusively in support of the Foundation, which is a component unit created to benefit the University as described above, Student Life is considered a component unit of the University and is discretely presented in the University’s financial statement package. Student Life’s revenues and other support are derived principally from rental of living space to students of the University.

Complete financial statements for Student Life can be obtained from the WKU Student Life Foundation, Inc. office, P.O. Box 8290, Bowling Green, Kentucky, 42101.

Direct Financing Leasing Arrangements: The Foundation constructed a food service building to improve food service offerings located near its residence halls on the south end of the main campus. The Foundation entered into a long-term lease arrangement with the University to operate this facility for 25 years, which began on July 1, 2008, and ending on June 20, 2033.

The Foundation also entered into leases with the University on November 1, 2019 (Hilltopper Hall), and June 30, 2022 (First Year Village), to provide additional food service operations. The Foundation received all rent payments for these leases at the inception of the leases. The lease arrangements provide for the University to operate one facility for 17 years, which began on November 1, 2019, and ending on October 3, 2036, and subject to renewals at the end of 2036, and the other facility for 15 years, which began June 30, 2022, and ending on June 30, 2037, and subject to five separate renewal terms at the end of 2037.

The leases are absolute net leases where the University assumes and agrees to pay and perform all payments, expenses, maintenance, and operational costs, in connection with the use of the premises. The revenue related to these direct financing leases are recognized over the lease term, using the effective interest method.

Assets Limited as to Use

Assets limited as to use at June 30, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Money market accounts	\$ <u>8,234,108</u>	\$ <u>8,091,536</u>
Assets limited as to use:		
Restricted by bond indenture	\$ 6,980,001	\$ 6,980,001
Internally restricted for debt principal and interest	<u>1,254,107</u>	<u>1,111,535</u>
Total	\$ <u>8,234,108</u>	\$ <u>8,091,536</u>

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 16 - WKU STUDENT LIFE FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Property and Equipment

Property and equipment at June 30, 2024 and 2023, consisted of:

	<u>2024</u>	<u>2023</u>
Land	\$ 6,626,701	\$ 6,626,701
Land improvements	2,452,320	2,452,320
Buildings	113,960,491	113,960,491
Building improvements	76,714,509	74,948,263
Vehicles	135,102	138,402
Furnishings and fixtures	16,034,239	16,034,239
Housing Software	151,050	151,050
Construction in progress	<u>469,809</u>	<u>702,530</u>
	216,544,221	215,013,996
Less accumulated depreciation and amortization	<u>78,621,991</u>	<u>73,276,316</u>
	<u>\$ 137,922,230</u>	<u>\$ 141,737,680</u>

There is approximately \$22,421,000 included within the buildings category and approximately \$477,000 included in the building improvements category above that relates to Hilltopper Hall which was closed during the year ended June 30, 2024. As a result of the closure, depreciation was suspended and will resume upon completion of repairs and re-opening of the residence hall.

Long-Term Debt

Long-term debt consisted of the following:

	<u>2024</u>	<u>2023</u>
Series 2017 A – Industrial Building Revenue Bonds - Tax-exempt fixed rate of 3.368%; payable in monthly installments of principal and interest; annual principal payments range from \$1,930,059 to \$6,805,639 through 2026; rate to be renegotiated in March 2027 when balance due will be \$45,435,919; collateralized by all real estate. Unamortized debt issuance costs as of June 30, 2024 and 2023, were \$162,834 and \$172,412, respectively.	\$ 62,550,790	\$ 69,076,429
Series 2019 B – Industrial Building Revenue Bonds – Tax-exempt fixed rate of 3.17%; 8-year lockout period payable in monthly installments of principal and interest; annual principal payments range from \$414,045 to \$5,653,476 through 2029; rate to be renegotiated in September 2029 when balance due will be \$26,027,325; collateralized by all real estate. Unamortized debt issuance costs as of June 30, 2024 and 2023 were \$147,863 and \$155,544, respectively.	<u>40,526,121</u>	<u>40,982,213</u>
	103,076,911	110,058,642
Less unamortized bond issuance costs	<u>310,697</u>	<u>327,956</u>
	<u>\$ 102,766,214</u>	<u>\$ 109,730,686</u>

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 16 - WKU STUDENT LIFE FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Long-Term Debt (Continued)

Student Life is required to maintain certain financial ratios and a debt reserve account balance in accordance with the bond agreement. Aggregate annual maturities of long-term debt are listed below:

2025	\$	7,219,684
2026		7,464,914
2027		7,707,075
2028		12,162,925
2029		12,679,115
Thereafter		<u>55,843,198</u>
		<u>\$ 103,076,911</u>

Related Party Transactions

Student Life and University are related parties. The financial statements include the following amounts related to the University:

	<u>2024</u>	<u>2023</u>
Accounts receivable from WKU – student housing and related fees	\$ 230,903	\$ 464,657
Accounts receivable from WKU – other	\$ 821,225	\$ 713,074
Net investment in direct financing lease	\$ 1,160,493	\$ 1,273,027
Accounts payable – operating expenses	\$ 1,076,078	\$ 964,872
Interest income – direct financing lease	\$ 81,615	\$ 88,775
Hilltopper Hub lease	\$ 102,942	\$ 176,471
First Year Village lease	\$ 25,117	\$ 25,117
Operating lease income	\$ 52,006	\$ 50,986
Chilled water service fees	\$ 471,423	\$ 498,893
Management fees	\$ 84,200	\$ 84,200

The University has designated certain employees to work exclusively or partially for Student Life. Salaries, benefits and related expenses on the statements of activities represent amounts reimbursed to the University for these individuals. Student Life has no employees of its own and its board of directors serves on a voluntary, non-compensatory basis.

Accounts receivable relate to student housing fees collected by the University, which are due to Student Life, as well as amounts due from the University for work-study programs, vending contracts and chilled water plant services. The University processes all accounts receivable and payables for Student Life. Student Life reimburses the University on a monthly basis for all expenses incurred by the University on Student Life's behalf, which is represented by the accounts payable amounts noted above.

Student Life receives rent revenue from the University for the lease of retail space at one of Student Life's residence halls. The lease was renewed for another five-year term in March 2022 with annual lease payments ranging from \$52,006 to \$55,189. The rent was \$52,006 and \$50,986 for the years ended June 30, 2024 and 2023, respectively. The revenue from this lease is included in other revenues.

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 16 - WKU STUDENT LIFE FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Related Party Transactions (Continued)

Student Life received prepaid rent from the University in the amount of approximately \$3 million during the year ended June 30, 2020, for the University to provide a food service operation. The lease is for the period of November 1, 2019 through October 31, 2036 and subject to five-year renewal terms at the end of October 2036. The revenue from this lease is recorded in other income in the amount of \$102,942 and \$176,471 for the years ended June 30, 2024 and 2023.

Student Life received prepaid rent from the University in the amount of approximately \$700,000 during year ended June 30, 2023, for the University to provide a food service operation. The lease is for the period of June 30, 2022, through June 30, 2037, and subject to five, five-year renewal terms at the end of June 2037. The revenue from this lease is recorded in other income in the amount of \$25,117 for the years ended June 30, 2024 and 2023.

Student Life receives fees from the University relating to chilled water services. The fees were \$471,423 and \$498,893 for the years ended June 30, 2024 and 2023, respectively. These fees are included in other revenues.

A schedule of future rent revenue is presented below:

2025	\$ 79,224
2026	80,306
2027	201,588
2028	201,588
2029	201,588
Thereafter	<u>2,117,995</u>
	<u>\$ 2,882,289</u>

The University provides certain direct and indirect support to Student Life and Student Life provides certain direct and indirect support to the University. Both organizations have no objective basis for determining the value of these activities. However, as a part of the management agreement, Student Life does provide an annual amount to the University to help offset such related costs. The management fees were \$84,200 for both years ended June 30, 2024 and 2023.

Pension Plans

Student Life has no employees; however, the University has designated certain employees to work exclusively or partially for Student Life. The University participates in three multi-employer pension plans maintained by the state of Kentucky. The plans provide defined benefits to eligible University employees providing services to Student Life. Student Life reimburses the University for Student Life's share of the actuarially determined contributions to the plans, which currently range from 8.74% to 85.03% of its covered payroll based upon the individual's retirement category. Contributions reimbursed to the University were \$718,958 and \$673,287 for the years ended June 30, 2024 and 2023, respectively.

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 16 - WKU STUDENT LIFE FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Commitments

As of June 30, 2024, Student Life had ongoing commitments to improve all residence halls and continue construction of one new residence hall with the corresponding estimated costs:

	<u>Estimated Cost</u>
Internal Air Quality updates	\$ 145,000
Rodes Boilers	265,000
KY Street apartments air handler	35,000
Meredith flooring	160,000
Hilltopper Hall patio	<u>180,000</u>
	<u>\$ 785,000</u>

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES

Nature of Operations

College Heights Foundation, Inc., (“College Heights”) is a Kentucky nonprofit corporation that is a legally separate, tax-exempt component unit of the University that manages certain investments on behalf of the University. College Heights operates on a calendar year ending December 31. College Heights has a board of directors separate from that of the University. The president of the University is also a board member of College Heights. Although the University does not control the timing or amount of receipts from College Heights, the use of a majority of the resources, or income thereon, which College Heights holds and invests is restricted by the donors to the activities of the University. Because these restricted resources held by College Heights can only be used by, or for the benefit of, the University, College Heights is considered a component unit of the University and is discretely presented in the University's financial statements. A substantial portion of the donations received consists of endowment gifts from which the corpus is not available to be distributed.

Complete financial statements for College Heights can be obtained from the College Heights Foundation Office, Alumni House, 1906 College Heights Blvd., Bowling Green, Kentucky, 42101.

WKU Foundation Merger

Effective January 1, 2023, WKU Foundation, Inc. was merged into College Heights Foundation, Inc. as part of the WKU Foundation's strategy to eliminate donor confusion, streamline efforts, and create economic efficiencies. As College Heights and WKU Foundation were both charitable organizations designated by the University, this transaction was considered a merger in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)*.

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Nature of Operations (Continued)

WKU Foundation Merger (Continued)

A summary of the carrying value of assets and liabilities merged in as of January 1, 2023 are as follows:

Cash	\$ 7,245,592
Investments	89,022,931
Pledges receivable, net	2,741,160
Prepaid expenses and other current assets	65,386
Assets held for others	<u>20,919,555</u>
 Total assets transferred	 119,994,624
 Accounts payable	 306,693
Deferred gift liabilities	760,941
Liability for assets held for others	<u>20,919,555</u>
 Total liabilities assumed	 <u>21,987,189</u>
 Net assets merged in	 <u>\$ 98,007,435</u>

Investments

College Heights investments are generally administered as pools of commingled assets held in custodial investment accounts managed by professional investment advisors. College Heights invests in a combination of cash equivalent funds (money market funds), certificates of deposit, mutual funds, fixed income securities, exchange traded funds, equity securities, and real estate and other alternative investments. Fixed income securities principally include U.S. government and government agency securities and corporate bonds/notes.

All investment securities are subject to the risks common to financial markets, including interest rate risk, credit risk, and overall market risk. Due to the level of risk associated with all investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

College Heights carries its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values, as determined by quoted market prices. Investments also consist of vested beneficial interests in various charitable remainder unitrusts and charitable remainder annuity trusts, all for which College Heights acts as the trustee. Such vested beneficial interests, since College Heights is the trustee, are included in investments at fair value.

College Heights is invested in real estate. Management considers the carrying value of real estate investments to approximate fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Investments (Continued)

College Heights' investments are commingled with certain investments held for WKU, LifeWorks, Alumni Association, and HAF. Accordingly, investment income and unrealized and realized gains/losses are allocated between the respective organizations on a pro-rata basis. Investment income includes both interest and dividend income. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized gains/losses represent the gains/losses on investments sold during the year. Net unrealized gains/losses represent the gains/losses on investments held during the year. Unrealized gains/losses are included in the change in net assets in the accompanying statements of activities. Investments consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Certificates of deposit	\$ 349,757	\$ 690,804
Mutual funds	75,789,302	37,454,135
Exchange traded funds	24,884,445	9,512,457
Corporate bonds	21,278,368	4,928,628
Equity securities	67,080,848	29,764,557
Real estate	586,400	1,661,400
Other alternative investments	<u>56,483,679</u>	<u>10,278,785</u>
	246,452,799	94,290,766
Less: Investments included above which are held for the University	(19,234,592)	(3,225,175)
Less: Investments included above which are held for the Hilltopper Athletic Foundation (HAF)	(2,583,968)	-
Less: Investments included above which are held for LifeWorks	(2,506,318)	-
Less: Investments included above which are held for Alumni Association	(720,322)	-
Less: Non-Foundation employee deferred compensation benefit plan	<u>-</u>	<u>(118,057)</u>
	<u>\$ 221,407,599</u>	<u>\$ 90,947,534</u>

As indicated above, at year-end, College Heights is invested in various types of investment securities. Investments are exposed to various risks such as interest rate risk, credit risk, and market risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

Management considers the carrying value of real estate to approximate fair value at December 31, 2023 and 2022. Real estate investment trust values are reported at fair value based upon an independent valuation performed at least annually.

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Pledges Receivable

Pledges are recognized and recorded as support without donor restrictions or support with donor restrictions depending on the existence or nature of any donor restrictions when the donor makes a promise to give that is, in substance, unconditional. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Pledges receivable are reviewed annually to determine if an allowance for uncollectible contributions receivable is needed. Conditional promises to give are not included as contributions until such time as the conditions are substantially met.

As of December 31, 2023, net pledges receivable consists of the following:

Estimated to be collected in less than one year	\$ 1,514,978
Estimated to be collected in one to five years	2,150,928
Estimated to be collected thereafter	<u>277,667</u>
	3,943,573
Less: Allowance for uncollectible pledges	(396,820)
Less: Discounts to net present value	<u>(278,196)</u>
Total pledges receivable, net	<u>\$ 3,268,557</u>

Discount rates on outstanding pledges due in more than one year range from 0.42% to 5.79%.

Beneficial Interest in Third Party Trusts and Deferred Gift Liabilities

College Heights is party to various irrevocable split-interest agreements. A split-interest agreement is a gift that is partially for College Heights' benefit and partially for the benefit of the respective donor or their designated beneficiaries. Upon acceptance of a split-interest agreement, College Heights records the contributed asset and the actuarially determined present value of the liability payable to the beneficiary. Such split-interest agreements include charitable gift annuities and charitable remainder trusts.

A charitable gift annuity is an arrangement between a donor and College Heights in which the donor contributes assets to College Heights in exchange for a promise by College Heights to pay a fixed amount to the donor or to others designated by the donor for a specified period of time. Obligations continue until the death of the beneficiary. The accompanying statement of financial position reflects liabilities totaling \$1,932,151 as of December 31, 2023, relative to the estimated present value of the future annuity obligations calculated using discount rates ranging from 4.57% to 12.40%. As of December 31, 2023, investments relative to charitable gift annuities totaled \$3,923,501.

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Beneficial Interest in Third Party Trusts and Deferred Gift Liabilities (Continued)

Charitable remainder trusts are arrangements in which a donor establishes and funds a trust with specified distributions to be made to the donor or designated beneficiaries over the trust's term. Upon the termination of the trust, College Heights receives the assets remaining in the trust. Obligations to the beneficiaries are limited to the trust's assets. The accompanying statement of financial position reflects liabilities totaling \$1,597,692 as of December 31, 2023, relative to the estimated present value of the future obligations calculated using discount rates ranging from 5.33% to 8.58%. As of December 31, 2023, investments relative to charitable remainder trusts held by the Foundation totaled \$3,189,872.

College Heights is the beneficiary of charitable trusts held by independent trustees. Under the terms of the trust agreements, College Heights has an irrevocable right to receive a portion of the income earned on the trust assets in perpetuity. College Heights' beneficial interest in the trust is recorded at the present value of the expected future cash flows discounted at a rate of 5.8% for the year ended December 31, 2023. The beneficial interest is adjusted annually for changes in the estimated present value of the future cash flows. As of December 31, 2023, investments relative to charitable remainder trusts held by an independent trustee totaled \$7,247,207.

Trust assets are reported at fair value in the same manner as are all College Heights investments. The income or loss recognized under these trusts is included in net assets with donor restrictions. Discount rates are determined in accordance with the Internal Revenue Code and represent the rate at the date of the contribution. The actuarial related assumptions used in calculating the respective present values include the beneficiary's age and life expectancies using the applicable mortality tables, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate.

Assets Held for Others

Assets held for others represent resources in the possession of, but not under the control of, College Heights. As of December 31, 2023 assets held for others consist of the following:

WKU – Regional University Excellence Trust Fund	\$ 18,862,062
Hilltopper Athletic Foundation	2,469,089
LifeWorks	2,506,318
Alumni Association Lifetime	720,322
WKU – Non-Foundation employee deferred compensation benefit plan	232,437
HAF – Tincher Family Fund	114,879
WKU – Green River	45,480
WKU Alumni Association -Martens Alumni Center Endowment Fund	<u>94,613</u>
	<u>\$ 25,045,200</u>

Accordingly, the accompanying statements of financial position as of December 31, 2023 reflect a liability for assets held for others in the amount of \$25,045,200.

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Endowment Funds

College Heights’ endowment consists of approximately 1,910 individual funds established by donors to provide annual funding for specific activities and general operations. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

College Heights’ Board of Directors has interpreted the Commonwealth of Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of December 31, 2023, there were no such donor stipulations. However, 13 donors requested that College Heights spend amounts for specific purposes that reduced this endowment below the original gift amount. As a result of this interpretation, College Heights retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by College Heights in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 173,616,165	\$ 173,616,165
Board-designated endowment funds	<u>8,725,002</u>	<u>-</u>	<u>8,725,002</u>
 Total Assets	 <u>\$ 8,725,002</u>	 <u>\$ 173,616,165</u>	 <u>\$ 182,341,167</u>

Related Party Transactions

Western Kentucky University provides the facilities in which College Heights offices are located and also processes College Heights’ payroll. No rent or administrative expenses are charged to College Heights by the University and College Heights does not recognize revenue and expense related to these transactions, as the amounts thereof are immaterial. College Heights also owns a parking lot which is used by the University for which no rent is charged.

On August 5, 2021, the Board of Directors approved College Heights Foundation to proceed with issuing programmatic investment loans to increase the alternative investment penetration in their overall investment strategy. College Heights Foundation can issue related party loans to WKU Real Estate corporation, as needed, with a maximum of \$2,000,000. Interest rates of the loan will reflect current market. The Foundation Investment Policy Statement was modified to include programmatic investment loans as part of alternative investments. As of December 31, 2023 and 2022, the College Heights Foundation had issued programmatic investment loans totaling \$1,081,076 and \$1,010,000, respectively, to WKU Real Estate Corporation. On April 16, 2024, College Heights issued an additional programmatic investment loan in the amount of \$533,500 maturing on December 31, 2044. The interest rate on the loan is 7.5% and will be paid annually on December 31 beginning in 2024.

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Employees' Retirement Plans

Through the University, College Heights participates in the Kentucky Employees' Retirement System (KERS) and the Kentucky Teachers Retirement System (KTRS), both of which are cost sharing, multiple-employer, defined benefit pension plans administered by the respective KERS and KTRS boards of trustees. College Heights is not represented on either of the boards of trustees. Both KERS and KTRS provide retirement, disability, and death benefits to College Heights' eligible employees. The service retirement benefit is a lifetime benefit. College Heights reimburses the University for College Heights' share of the contributions made on behalf of eligible College Heights employees. Both multiple employer plans pay a defined amount upon retirement based on the length of service and the final average salary of the employee, along with a retirement multiplier. Retirement eligibility is determined by the employee's age and years of service. Total contributions of \$148,000 and \$76,910 in 2023 and 2022 were expensed to salaries and benefits for ongoing participation in these plans.

Effective January 1, 2023, the College Heights Foundation, Inc. 403(b) Retirement Plan (the Plan) was established, which is a defined contribution plan that is intended to satisfy the qualifications requirements of Section 401(a) of the Internal Revenue Code of 1986. Effective November 30, 2023, eligible employees of the Foundation were automatically enrolled into the Plan at a deferral percentage of 5%. College Heights may elect to contribute discretionary employer matching contributions and discretionary non-elective employer contributions. The employer contributions were not significant to the financial statements for the year ended December 31, 2023.

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2023:

Subject to expenditure for specified purpose:	
Academic support/WKU programs	\$ 24,328,257
Scholarship funds	<u>5,297,192</u>
Total subject to expenditure for specified purpose	29,625,449
Subject to passage of time:	
Assets held under split-interest agreements	10,830,737
Endowments:	
Subject to College Heights endowment spending policy and appropriation:	
Investments held in perpetuity, the income from which is expendable to support the College Heights (reported as investment income)	<u>173,616,165</u>
Total net assets with donor restriction	<u>\$ 214,072,351</u>

NOTE 17 - COLLEGE HEIGHTS FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES
(Continued)

Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2023:

Distributions (proceeds are not restricted by donors):	
Assets held under split-interest agreements	\$ 43,962
Restricted-purpose spending-rate distributions and appropriations:	
Academic support/WKU programs	10,660,716
Scholarship funds	7,590,933
Change in endowment classification	<u>474,917</u>
Total	<u>\$ 18,770,528</u>

NOTE 18 - WESTERN KENTUCKY UNIVERSITY FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES

Nature of Operations

Western Kentucky University Foundation, Inc. (the “Foundation”) is a Kentucky nonprofit corporation formed to receive, invest, and expend funds for the enhancement and improvement of Western Kentucky University. The Foundation’s fiscal year ends on December 31. It is a legally separate, tax-exempt component unit of the University that manages certain endowments and investments on behalf of the University. The Foundation has a Board of Trustees separate from that of the University; however, the President and certain other officers of the University are also officers of the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the use of a majority of the resources, or income thereon, which the Foundation holds and invests is restricted by the donors to the activities of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University’s financial statement package.

College Heights Foundation Merger

Effective January 1, 2023, WKU Foundation, Inc. was merged into College Heights Foundation, Inc. as part of the WKU Foundation’s strategy to eliminate donor confusion, streamline efforts, and create economic efficiencies. As College Heights and WKU Foundation were both charitable organizations designated by the University, this transaction was considered a merger in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)*. See note 17 for summary of the carrying value of asset and liabilities merged as of January 1, 2023.

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 18 - WESTERN KENTUCKY UNIVERSITY FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Investments

As of December 31, 2022, investments consist of the following:

	<u>2022</u>
Mutual funds	49,715,145
Exchange traded funds	11,284,942
Corporate bonds	4,593,372
Equity securities	30,368,122
Real estate and other alternative investments	<u>13,980,905</u>
	109,942,486
Less: investments included above which are held for WKU	15,650,901
Less: investments included above which are held for LifeWorks	1,772,667
Less: investments included above which are held for Alumni Association	624,391
Less: investments included above which are held for HAF	<u>2,871,596</u>
	<u>\$ 89,022,931</u>

Assets Held for Others

Assets held for others represent resources in the possession of, but not under the control of the Foundation. As of December 31, 2022 assets held for others consist of the following:

	<u>2022</u>
WKU – Regional University Excellence Trust Fund	\$ 15,611,311
Hilltopper Athletic Foundation	2,789,954
LifeWorks	1,772,667
Alumni Association Lifetime	590,276
Tincher Family Fund – HAF	81,642
WKU Alumni Association -Martens Alumni Center Endowment Fund	34,115
Green River	<u>39,590</u>
	<u>\$ 20,919,555</u>

Accordingly, the accompanying statements of financial position as of December 31, 2022 reflect a liability for assets held for others in the amount of \$20,919,555.

WESTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 18 - WESTERN KENTUCKY UNIVERSITY FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2022</u>
Subject to expenditure for specified purpose:	
Academic support/WKU programs	\$ 10,457,551
Athletics	2,946,362
Public service	1,811,989
Professorships	970,234
Scholarship funds	164,604
Promises to give, the proceeds from which have been restricted by donors for:	
Academic support/WKU programs	2,089,010
Athletics	274,488
Public services	<u>62,386</u>
Total subject to expenditure for specified purpose	18,776,624
Subject to passage of time:	
Assets held under split-interest agreements	361,375
Endowments:	
Subject to Foundation endowment spending policy and appropriation:	
Investments held in perpetuity, the income from which is expendable to support the Foundation (reported as investment income)	<u>73,926,288</u>
Total net assets with donor restriction	<u>\$ 93,064,287</u>

Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022:

	<u>2022</u>
Distributions (proceeds are not restricted by donors):	
Assets held under split-interest agreements	\$ 10,865
Restricted-purpose spending-rate distributions and appropriations:	
Academic support/WKU programs	3,243,997
Athletics	2,344,880
Public service	735,294
Professorships	1,438,520
Scholarship funds	<u>235,248</u>
Total	<u>\$ 8,008,804</u>

NOTE 18 - WESTERN KENTUCKY UNIVERSITY FOUNDATION, INC. – ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Pension Plans

Through WKU, the Foundation participates in the Kentucky Employees' Retirement System (KERS) and the Kentucky Teachers' Retirement System (KTRS), both of which are cost-sharing, multiple-employer, defined benefit pension plans administered by the respective KERS and KTRS Boards of Trustees. Both KERS and KTRS provide retirement, disability, and death benefits to the Foundation's eligible employees. The Foundation reimburses WKU for the Foundation's share of the contributions made on behalf of eligible employees. As of December 31, 2022, contributions under KERS and KTRS made on behalf of eligible employees represent 80.17% and 15.87% of annual covered payroll, respectively. Employer contributions made under KERS and KTRS on behalf of Foundation employees total approximately \$95,000 for the year ended December 31, 2022.

Related Party Transactions

Accounts payable as of December 31, 2022 include approximately \$201,000, which is payable to WKU.

On August 13, 2021, the Board of Trustees approved the authorization of WKU Foundation issuing programmatic investment loans to increase the alternative investment penetration in their overall investment strategy. WKU Foundation can issue a related party loan to the WKU Real Estate Corporation, as needed, with a maximum of \$2 million. Interest rates of the loan will reflect current market. The Foundation Investment Policy Statement was modified to include programmatic investment loans as part of alternative investments. To date, no programmatic investment loans have been issued by WKU Foundation.

WESTERN KENTUCKY UNIVERSITY
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KERS – Non-Hazardous	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
University's proportion of the net pension liability	0.94%	0.97%	0.97%	1.09%	1.13%
University's proportionate share of the net pension liability	\$ 116,018	\$ 128,496	\$ 129,018	\$ 153,739	\$ 159,267
University's covered payroll	\$ 14,014	\$ 13,139	\$ 15,187	\$ 17,013	\$ 18,246
University's proportionate share of the net pension liability as a percentage of its covered payroll	827.87%	977.97%	849.53%	903.66%	872.89%
Plan fiduciary net position as a percentage of the total pension liability	22.32%	18.51%	18.48%	14.01%	13.66%
KERS – Hazardous					
University's proportion of the net pension liability	0.48%	0.57%	0.59%	0.61%	0.69%
University's proportionate share of the net pension liability	\$ 2,024	\$ 2,895	\$ 2,638	\$ 3,402	\$ 3,795
University's covered payroll	\$ 1,250	\$ 1,189	\$ 1,142	\$ 1,155	\$ 1,257
University's proportionate share of the net pension liability as a percentage of its covered payroll	161.92%	243.48%	230.00%	294.55%	331.23%
Plan fiduciary net position as a percentage of the total pension liability	67.87%	61.51%	66.03%	55.18%	55.49%
KTRS					
University's proportion of the net pension liability	0.47%	0.43%	0.50%	0.54%	0.56%
University's proportionate share of the net pension liability	\$ 84,031	\$ 75,517	\$ 67,925	\$ 79,923	\$ 79,901
State's proportionate share of the net pension liability associated with the University	<u>93,465</u>	<u>98,136</u>	<u>71,711</u>	<u>84,053</u>	<u>86,580</u>
Total	<u>\$ 177,496</u>	<u>\$ 173,653</u>	<u>\$ 139,636</u>	<u>\$ 163,976</u>	<u>\$ 166,481</u>
University's covered payroll	\$ 45,199	\$ 42,825	\$ 45,018	\$ 48,533	\$ 50,972
University's proportionate share of the net pension liability as a percentage of its covered payroll	185.91%	176.34%	150.88%	164.68%	156.75%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.30%	58.80%

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(in thousands)
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KERS – Non-Hazardous

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
University's proportion of the net pension liability	1.26%	1.29%	1.46%	1.47%
University's proportionate share of the net pension liability	\$ 171,121	\$ 173,895	\$ 166,399	\$ 147,109
University's covered payroll	\$ 19,527	\$ 20,402	\$ 23,985	\$ 22,769
University's proportionate share of the net pension liability as a percentage of its covered payroll	876.33%	852.34%	693.76%	646.09%
Plan fiduciary net position as a percentage of the total pension liability	12.84%	13.30%	14.80%	18.83%

KERS – Hazardous

University's proportion of the net pension liability	0.63%	0.60%	0.78%	0.90%
University's proportionate share of the net pension liability	\$ 3,173	\$ 2,992	\$ 3,039	\$ 3,098
University's covered payroll	\$ 1,229	\$ 1,174	\$ 1,343	\$ 1,310
University's proportionate share of the net pension liability as a percentage of its covered payroll	258.18%	254.86%	226.28%	236.49%
Plan fiduciary net position as a percentage of the total pension liability	56.10%	54.75%	57.41%	61.70%

KTRS

University's proportion of the net pension liability	0.77%	0.73%	1.21%	1.23%
University's proportionate share of the net pension liability	\$ 105,246	\$ 207,035	\$ 373,414	\$ 299,522
State's proportionate share of the net pension liability associated with the University	<u>78,302</u>	<u>165,003</u>	<u>35,194</u>	<u>30,458</u>
Total	<u>\$ 183,548</u>	<u>\$ 372,038</u>	<u>\$ 408,608</u>	<u>\$ 329,980</u>
University's covered payroll	\$ 54,430	\$ 55,655	\$ 56,509	\$ 56,089
University's proportionate share of the net pension liability as a percentage of its covered payroll	193.36%	372.00%	660.80%	534.01%
Plan fiduciary net position as a percentage of the total pension liability	59.30%	39.83%	35.22%	42.49%

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(in thousands)
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Notes to the Schedule:

Changes in assumptions – In fiscal year 2024, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2022, for KERS Salary Increases changed from 3.55% - 15.55% for Non-Hazardous and Hazardous to 3.30% - 15.30% for Non-Hazardous and to 3.55% to 20.05% for Hazardous. The KERS Amortization Period changed from 26 years, closed to 30 years, closed. For KTRS Price Inflation changed from 3.00% to 2.50%, Salary Increases changed from 3.50% - 7.30%, including inflation to 3.00% - 7.50%, including inflation, and the Investment Rate of Return changed from 7.50%, net of pension plan investment expense, including inflation to 7.10%, net of pension plan investment expense, including inflation.

In fiscal year 2021, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2020, for KERS, the salary increase assumption changed from 3.05%, average to 3.55% - 15.55%, varies by service. There were no changes for KTRS.

In fiscal year 2019, there were no changes to the KERS plan and the KTRS plan discount rate increased from 4.49% to 7.50%.

In fiscal year 2018, the KERS plan discount rate and assumed investment rate of return decreased from 6.75% to 5.25%, the assumed rate of inflation decreased from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption for all years of service. The payroll growth rate assumption decreased from 4.00% to 0.00% and the KTRS plan discount rate increased from 4.20% to 4.49%.

In fiscal year 2017, the KERS Non-Hazardous investment rate and discount rate both decreased from 7.50% to 6.75% and the KTRS plan discount rate decreased from 4.88% to 4.20%.

In fiscal year 2016, the KERS plan inflation rate decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and the investment rate and discount rate both decreased from 7.75% to 7.50%. Additionally, the mortality tables changed from the 1983 and 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females). The KTRS plan discount rate decreased from 5.23% to 4.88%.

* The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PENSION CONTRIBUTIONS
(in thousands)
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
KERS – Non-Hazardous					
Contractually required contribution	\$ 7,775	\$ 7,852	\$ 8,011	\$ 5,824	\$ 6,430
Contributions in relation to the contractually required contribution	<u>(7,775)</u>	<u>(7,852)</u>	<u>(8,011)</u>	<u>(5,824)</u>	<u>(6,430)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 13,358	\$ 14,014	\$ 13,139	\$ 15,187	\$ 17,013
Contributions as a percentage of covered payroll	58.20%	56.03%	60.97%	38.35%	37.79%
KERS – Hazardous					
Contractually required contribution	\$ 1,260	\$ 1,177	\$ 1,213	\$ 411	\$ 397
Contributions in relation to the contractually required contribution	<u>(1,260)</u>	<u>(1,177)</u>	<u>(1,213)</u>	<u>(411)</u>	<u>(397)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,302	\$ 1,250	\$ 1,189	\$ 1,142	\$ 1,155
Contributions as a percentage of covered payroll	96.77%	94.16%	102.02%	35.99%	34.37%
KTRS					
Contractually required contribution	\$ 5,735	\$ 5,687	\$ 5,668	\$ 5,909	\$ 6,248
Contributions in relation to the contractually required contribution	<u>(5,735)</u>	<u>(5,687)</u>	<u>(5,668)</u>	<u>(5,909)</u>	<u>(6,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 46,405	\$ 45,199	\$ 42,825	\$ 45,018	\$ 48,533
Contributions as a percentage of covered payroll	12.36%	12.58%	13.24%	13.13%	12.87%

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PENSION CONTRIBUTIONS
(in thousands)
June 30, 2024 and 2023

KERS – Non-Hazardous

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 6,868	\$ 8,018	\$ 8,210	\$ 7,397
Contributions in relation to the contractually required contribution	<u>(6,868)</u>	<u>(8,018)</u>	<u>(8,210)</u>	<u>(7,397)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 18,246	\$ 19,527	\$ 20,402	\$ 23,985
Contributions as a percentage of covered payroll	37.64%	41.06%	40.24%	30.84%

KERS – Hazardous

Contractually required contribution	\$ 432	\$ 263	\$ 248	\$ 220
Contributions in relation to the contractually required contribution	<u>(432)</u>	<u>(263)</u>	<u>(248)</u>	<u>(220)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,257	\$ 1,229	\$ 1,174	\$ 1,343
Contributions as a percentage of covered payroll	34.37%	21.40%	21.12%	16.38%

KTRS

Contractually required contribution	\$ 6,539	\$ 9,564	\$ 9,661	\$ 9,624
Contributions in relation to the contractually required contribution	<u>(6,539)</u>	<u>(9,564)</u>	<u>(9,661)</u>	<u>(9,624)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 50,972	\$ 54,430	\$ 55,655	\$ 56,509
Contributions as a percentage of covered payroll	12.83%	17.57%	17.36%	17.03%

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PENSION CONTRIBUTIONS
(in thousands)
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Notes to the Schedule:

Changes in assumptions – In fiscal year 2024, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2022, for KERS Salary Increases changed from 3.55% - 15.55% for Non-Hazardous and Hazardous to 3.30% - 15.30% for Non-Hazardous and to 3.55% to 20.05% for Hazardous. The KERS Amortization Period changed from 26 years, closed to 30 years, closed. For KTRS Price Inflation changed from 3.00% to 2.50%, Salary Increases changed from 3.50% - 7.30%, including inflation to 3.00% - 7.50%, including inflation, and the Investment Rate of Return changed from 7.50%, net of pension plan investment expense, including inflation to 7.10%, net of pension plan investment expense, including inflation.

In fiscal year 2021, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2020, for KERS, the salary increase assumption changed from 3.05%, average to 3.55% - 15.55%, varies by service. There were no changes for KTRS.

In fiscal year 2019, there were no changes to the KERS plan and the KTRS plan discount rate increased from 4.49% to 7.50%.

In fiscal year 2018, the KERS plan discount rate and assumed investment rate of return decreased from 6.75% to 5.25%, the assumed rate of inflation decreased from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00% and the KTRS plan discount rate increased from 4.20% to 4.49%.

In fiscal year 2017, the KERS Non-Hazardous investment rate and discount rate both decreased from 7.50% to 6.75% and the KTRS plan discount rate decreased from 4.88% to 4.20%.

In fiscal year 2016, the KERS plan inflation rate decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and the investment rate and discount rate both decreased from 7.75% to 7.50%. Additionally, the mortality tables changed from the 1983 and 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females). The KTRS plan discount rate decreased from 5.23% to 4.88%.

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
(in thousands)
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
KERS – Non-Hazardous					
University's proportion of the net OPEB liability	0.809%	1.020%	0.979%	1.085%	1.128%
University's proportionate share of the net OPEB liability	\$ 6,346	\$ 22,571	\$ 22,325	\$ 27,557	\$ 25,068
University's covered payroll	\$ 14,014	\$ 13,139	\$ 15,187	\$ 17,013	\$ 18,246
University's proportionate share of the net pension OPEB as a percentage of its covered payroll	45.28%	171.79%	147.00%	161.98%	137.39%
Plan fiduciary net position as a percentage of the total OPEB liability	66.14%	38.15%	38.38%	29.47%	30.92%
 KERS – Hazardous					
University's proportion of the net OPEB liability	0.479%	0.570%	0.592%	0.607%	0.693%
University's proportionate share of the net OPEB (asset) liability	\$ (996)	\$ 43	\$ (68)	\$ 259	\$ (186)
University's covered payroll	\$ 1,250	\$ 1,189	\$ 1,142	\$ 1,155	\$ 1,257
University's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-79.68%	3.62%	-5.95%	22.42%	-14.80%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	149.84%	98.72%	101.85%	92.42%	105.29%

WESTERN KENTUCKY UNIVERSITY
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 (in thousands)
 June 30, 2024 and 2023

	<u>2019</u>	<u>2018</u>
KERS – Non-Hazardous		
University's proportion of the net OPEB liability	1.257%	1.299%
University's proportionate share of the net OPEB liability	\$ 29,797	\$ 32,938
University's covered payroll	\$ 19,527	\$ 20,402
University's proportionate share of the net pension OPEB as a percentage of its covered payroll	152.59%	161.44%
Plan fiduciary net position as a percentage of the total OPEB liability	27.32%	24.40%
 KERS – Hazardous		
University's proportion of the net OPEB liability	0.628%	0.602%
University's proportionate share of the net OPEB (asset) liability	\$ (208)	\$ 36
University's covered payroll	\$ 1,229	\$ 1,174
University's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-16.92%	3.07%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	106.83%	98.80%

WESTERN KENTUCKY UNIVERSITY
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(in thousands)
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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
KTRS – Medical Insurance					
University's proportion of the net OPEB liability	0.644%	0.814%	0.604%	0.648%	0.691%
University's proportionate share of the net OPEB liability	\$ 15,683	\$ 20,220	\$ 12,968	\$ 16,343	\$ 20,219
University's covered payroll	\$ 45,199	\$ 42,825	\$ 45,018	\$ 48,533	\$ 50,972
University's proportionate share of the net pension OPEB as a percentage of its covered payroll	34.70%	47.22%	28.81%	33.67%	39.67%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%
 KTRS – Life Insurance					
University's proportion of the net OPEB liability	1.272%	1.244%	1.322%	1.399%	1.489%
University's proportionate share of the net OPEB liability	\$ 359	\$ 387	\$ 173	\$ 485	\$ 463
University's covered payroll	\$ 45,199	\$ 42,825	\$ 45,018	\$ 48,533	\$ 50,972
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.79%	0.90%	0.38%	0.99%	0.91%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%

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SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
(in thousands)
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	<u>2019</u>	<u>2018</u>
KTRS – Medical Insurance		
University's proportion of the net OPEB liability	0.728%	0.784%
University's proportionate share of the net OPEB liability	\$ 25,269	\$ 27,960
University's covered payroll	\$ 54,430	\$ 55,655
University's proportionate share of the net pension OPEB as a percentage of its covered payroll	46.42%	50.24%
Plan fiduciary net position as a percentage of the total OPEB liability	25.50%	21.18%
 KTRS – Life Insurance		
University's proportion of the net OPEB liability	1.609%	1.677%
University's proportionate share of the net OPEB liability	\$ 454	\$ 368
University's covered payroll	\$ 54,430	\$ 55,655
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.83%	0.66%
Plan fiduciary net position as a percentage of the total OPEB liability	75.00%	79.99%

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
(in thousands)
June 30, 2024 and 2023

Notes to the Schedule:

Changes in assumptions – In fiscal year 2024, for KERS the Healthcare Trend Rate for Under Age 65 increased from 6.20% to 6.30% and for Ages 65 and Older the Healthcare Trend Rate decreased from 9.00% to 6.30%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.72% to 5.94% and from 5.59% to 5.94%, respectively. For KERS, the municipal bond rate increased from 3.86% to 3.69%. For KTRS, the prior year MIF Healthcare Cost Trends groups of “Under 65” and “Ages 65 and Older” were merged into one group called “Medical Trends” with a rate of 6.75%. Medicare Part B Premiums decreased from 6.97% to 1.55%. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KERS the Healthcare Trend Rate for Under Age 65 decreased from 6.25% to 6.20% and for Ages 65 and Older the Healthcare Trend Rate increased from 5.50% to 9.00%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.26% to 5.72% and from 5.01% to 5.59%, respectively. For KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older and Medicare Part B Premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

In fiscal year 2022, for KERS the Healthcare Trend Rate for Under Age 65 decreased from 6.40% to 6.25% and for Ages 65 and Older the Healthcare Trend Rate increased from 2.90% to 5.50%. The KERS Salary Increases for Hazardous changed from 3.55% - 19.55% to 3.55% - 20.05%. The KERS Discount Rates used for Non-Hazardous and Hazardous decreased from 5.43% to 5.26% and from 5.28% to 5.01%, respectively. For KTRS, Salary Increases changed from 3.50% - 7.20% to 3.00% - 7.50%, the Inflation Rate decreased from 3.00% to 2.50%, Real Wage Growth decreased from 0.50% to 0.25%, Wage Inflation decreased from 3.50% to 2.75%, and the Municipal Bond Index rate decreased from 2.19% to 2.13%. The KTRS MIF Healthcare Cost Trend Rates for Under Age 65 and Ages 65 and Older decreased from 7.25% to 7.00% and 5.25% to 5.00%, respectively. The KTRS MIF Medicare Part B Premiums decreased from 6.49% to 4.40%.

In fiscal year 2021, for KERS the healthcare trend rates for Under Age 65 and Ages 65 and Older increased from 7.00% to 7.25% and 5.00% to 5.10%, respectively. The KTRS Municipal Bond Index rate decreased from 3.50% to 2.19%. The KTRS MIF health care cost trends for Under Age 65 and Ages 65 and Older decreased from 7.50% to 7.25% and 5.50% to 5.25%, respectively. The KTRS MIF Medicare Part B Premiums increased from 2.63% to 6.49%. The KTRS LIF Salary Increases changed from 3.50% – 7.45% to 3.50% - 7.20%.

In fiscal year 2020, for KERS the salary increases changed from 3.05% avg. to 3.55% – 15.55% (non-hazardous) and 3.55% – 19.55% (hazardous). The KTRS Municipal Bond Index rate decreased from 3.89% to 3.50%. The KTRS MIF health care cost trends for Under Age 65 and Ages 65 and Older decreased from 7.75% to 7.50% and 5.75% to 5.50%, respectively.

In fiscal year 2019, the KERS Non-hazardous plan discount rate increased from 5.83% to 5.86% and the KERS Hazardous plan discount rate increased from 5.87% to 5.88%. The KTRS plan health care trend rates decreased from 1.02% to 0.00% for Medicare Part B premiums, the municipal bond index rate increased from 3.56% to 3.89%, the amortization period was changed from 27 year to 30 years and the inflation rate increased from 3.00% to 3.50%.

In fiscal year 2018, the KERS plan assumed investment rate of return decreased from 7.50% to 6.25%, the inflation rate decreased from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00%. There were no changes in assumptions for the KTRS plan.

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(in thousands)
June 30, 2024 and 2023

Changes in benefit terms – For fiscal year 2018, for the KTRS plan, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 was restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

* The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

** This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

WESTERN KENTUCKY UNIVERSITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
 (in thousands)
 June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
KERS – Non-Hazardous					
Contractually required contribution	\$ 2,138	\$ 2,159	\$ 2,231	\$ 1,193	\$ 1,317
Contributions in relation to the contractually required contribution	<u>(2,138)</u>	<u>(2,159)</u>	<u>(2,231)</u>	<u>(1,193)</u>	<u>(1,317)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 13,358	\$ 14,014	\$ 13,139	\$ 15,187	\$ 17,013
Contributions as a percentage of covered payroll	16.01%	15.41%	16.98%	7.86%	7.74%
KERS – Hazardous					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 28
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,302	\$ 1,250	\$ 1,189	\$ 1,142	\$ 1,155
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	2.42%

WESTERN KENTUCKY UNIVERSITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
 (in thousands)
 June 30, 2024 and 2023

	<u>2019</u>	<u>2018</u>
KERS – Non-Hazardous		
Contractually required contribution	\$ 1,406	\$ 1,642
Contributions in relation to the contractually required contribution	<u>(1,406)</u>	<u>(1,642)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 18,246	\$ 19,527
Contributions as a percentage of covered payroll	7.71%	8.41%
 KERS – Hazardous		
Contractually required contribution	\$ 31	\$ 28
Contributions in relation to the contractually required contribution	<u>(31)</u>	<u>(28)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,257	\$ 1,229
Contributions as a percentage of covered payroll	2.47%	2.28%

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
(in thousands)
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
KTRS – Medical Insurance					
Contractually required contribution	\$ 1,239	\$ 1,221	\$ 990	\$ 1,073	\$ 1,143
Contributions in relation to the contractually required contribution	<u>(1,239)</u>	<u>(1,221)</u>	<u>(990)</u>	<u>(1,073)</u>	<u>(1,143)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 46,405	\$ 45,199	\$ 42,825	\$ 45,018	\$ 48,533
Contributions as a percentage of covered payroll	2.67%	2.70%	2.31%	2.38%	2.36%
KTRS – Life Insurance					
Contractually required contribution	\$ 37	\$ 36	\$ 30	\$ 27	\$ 23
Contributions in relation to the contractually required contribution	<u>(37)</u>	<u>(36)</u>	<u>(30)</u>	<u>(27)</u>	<u>(23)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 46,405	\$ 45,199	\$ 42,825	\$ 45,018	\$ 48,533
Contributions as a percentage of covered payroll	0.08%	0.08%	0.07%	0.06%	0.05%

WESTERN KENTUCKY UNIVERSITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
 (in thousands)
 June 30, 2024 and 2023

	<u>2019</u>	<u>2018</u>
KTRS – Medical Insurance		
Contractually required contribution	\$ 1,203	\$ 1,294
Contributions in relation to the contractually required contribution	<u>(1,203)</u>	<u>(1,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 50,972	\$ 54,430
Contributions as a percentage of covered payroll	2.36%	2.38%
 KTRS – Life Insurance		
Contractually required contribution	\$ 20	\$ 16
Contributions in relation to the contractually required contribution	<u>(20)</u>	<u>(16)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 50,972	\$ 54,430
Contributions as a percentage of covered payroll	0.04%	0.03%

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
(in thousands)
June 30, 2024 and 2023

Notes to the Schedule:

Changes in assumptions – In fiscal year 2024, for KERS the Healthcare Trend Rate for Under Age 65 increased from 6.20% to 6.30% and for Ages 65 and Older the Healthcare Trend Rate decreased from 9.00% to 6.30%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.72% to 5.94% and from 5.59% to 5.94%, respectively. For KERS, the municipal bond rate increased from 3.86% to 3.69%. For KTRS, the prior year MIF Healthcare Cost Trends groups of “Under 65” and “Ages 65 and Older” were merged into one group called “Medical Trends” with a rate of 6.75%. Medicare Part B Premiums decreased from 6.97% to 1.55%. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KERS the Healthcare Trend Rate for Under Age 65 decreased from 6.25% to 6.20% and for Ages 65 and Older the Healthcare Trend Rate increased from 5.50% to 9.00%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.26% to 5.72% and from 5.01% to 5.59%, respectively. For KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older and Medicare Part B Premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

In fiscal year 2022, for KERS the Healthcare Trend Rate for Under Age 65 decreased from 6.40% to 6.25% and for Ages 65 and Older the Healthcare Trend Rate increased from 2.90% to 5.50%. The KERS Salary Increases for Hazardous changed from 3.55% - 19.55% to 3.55% - 20.05%. The KERS Discount Rates used for Non-Hazardous and Hazardous decreased from 5.43% to 5.26% and from 5.28% to 5.01%, respectively. For KTRS, Salary Increases changed from 3.50% - 7.20% to 3.00% - 7.50%, the Inflation Rate decreased from 3.00% to 2.50%, Real Wage Growth decreased from 0.50% to 0.25%, Wage Inflation decreased from 3.50% to 2.75%, and the Municipal Bond Index rate decreased from 2.19% to 2.13%. The KTRS MIF Healthcare Cost Trend Rates for Under Age 65 and Ages 65 and Older decreased from 7.25% to 7.00% and 5.25% to 5.00%, respectively. The KTRS MIF Medicare Part B Premiums decreased from 6.49% to 4.40%.

In fiscal year, 2021, for KERS the healthcare trend rates for Under Age 65 and Ages 65 and Older increased from 7.00% to 7.25% and 5.00% to 5.10%, respectively. The KTRS Municipal Bond Index rate decreased from 3.50% to 2.19%. The KTRS MIF health care cost trends for Under Age 65 and Ages 65 and Older decreased from 7.50% to 7.25% and 5.50% to 5.25%, respectively. The KTRS MIF Medicare Part B Premiums increased from 2.63% to 6.49%. The KTRS LIF Salary Increases changed from 3.50% – 7.45% to 3.50% - 7.20%.

In fiscal year 2020, for KERS the salary increases changed from 3.05% avg. to 3.55% – 15.55% (non-hazardous) and 3.55% – 19.55% (hazardous). The KTRS Municipal Bond Index rate decreased from 3.89% to 3.50%. The KTRS MIF health care cost trends for Under Age 65 and Ages 65 and Older decreased from 7.75% to 7.50% and 5.75% to 5.50%, respectively.

In fiscal year 2019, the KERS Non-hazardous plan discount rate increased from 5.83% to 5.86% and the KERS Hazardous plan discount rate increased from 5.87% to 5.88%. The KTRS plan health care trend rates decreased from 1.02% to 0.00% for Medicare Part B premiums, the municipal bond index rate increased from 3.56% to 3.89%, the amortization period was changed from 27 year to 30 years and the inflation rate increased from 3.00% to 3.50%.

In fiscal year 2018, the KERS plan assumed investment rate of return decreased from 7.50% to 6.25%, the inflation rate decreased from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00%. There were no changes in assumptions for the KTRS plan.

WESTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
(in thousands)
June 30, 2024 and 2023

Changes in benefit terms – For fiscal year 2018, for the KTRS plan, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 was restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

* This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

* Employer contributions do not include the expected implicit subsidy.

Supplementary Information

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education			
Direct Programs			
Federal Supplemental Educational Opportunity Grants		84.007	\$ 422,952
Federal Direct Student Loans		84.268	58,630,926
Federal Perkins Loan Program		84.038	898,001
Federal Work Study Program		84.033	733,809
Federal Pell Grant Program		84.063	25,211,611
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		84.379	<u>94,801</u>
Total U.S. Department of Education Direct Programs			<u>85,992,100</u>
Total U.S. Department of Education			\$ 85,992,100
Total Student Financial Assistance Cluster			
COVID-19 Education Stabilization Fund - Higher Education Emergency Relief			
U.S. Department of Education - COVID-19			
Pass Through Programs			
Kentucky Council on Postsecondary Education			
Education Stabilization Fund	SC 415 230000 1297	84.425U	17,573
Education Stabilization Fund	SC415 2300001303	84.425C	50,000
Education Stabilization Fund	SC 415 240000 1427	84.425U	3,912
Education Stabilization Fund	SC 415 2400001262	84.425U	14,987
Education Stabilization Fund	SC 415 2400001242	84.425U	8,000
Education Stabilization Fund	SC 415 2400001249	84.425U	4,972
Education Stabilization Fund	SC 415 2400001248	84.425U	2,122
Kentucky Cabinet for Workforce Development			
Education Stabilization Fund	SC 415 2400000 151	84.425C	2,495
Education Stabilization Fund	SC 415 2400000 150	84.425C	2,608
Total U.S. Department of Education - COVID19 Pass Through Programs			<u>106,669</u>
Total U.S. Department of Education - COVID-19			<u>106,669</u>
TOTAL COVID-19 Education Stabilization Fund - Higher Education Emergency Relief			
RESEARCH AND DEVELOPMENT CLUSTER			
U.S. Department of Agriculture			
Direct Programs			
Agricultural Research Basic and Applied Research		10.001	408,140
Improving Meat Safety		10.326	255,753
Partnership Agreements		10.699	3,324
Total U.S. Department of Agriculture Direct Programs			<u>667,217</u>
Pass Through Programs			
Adelphi Technology, Inc/American Rescue Plan Centers of Excellence for Meat and Poultry Processing and Food Safety Research	ATI-WKU-23-003	10.243	<u>88,664</u>
Total U.S. Department of Agriculture			<u>755,881</u>
U.S. Department of Commerce			
Direct Programs			
Climate and Atmospheric Research		11.431	<u>47,368</u>
Total U.S. Department of Commerce Direct Programs			<u>47,368</u>
Pass Through Programs			
Synoptic Data Corp/SGT Task Order Mesonet of KY	PO17-00640/TASKS2017-0115	11.RD	41,456
University Corporation for Atmospheric Research/Climate and Atmospheric Research	SUBAWD 004045	11.431	47,681
University Corporation for Atmospheric Research/Climate and Atmospheric Research	SUBAWD 00760	11.431	<u>1,505</u>
Total U.S. Department of Commerce Pass Through Programs			<u>90,642</u>
Total U.S. Department of Commerce			<u>138,010</u>

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of the Interior			
Direct Programs			
National Cooperative Geologic Mapping		15.810	\$ 8,503
Rivers, Trails and Conservation Assistance		15.921	17,125
Cooperative Research and Training Programs – Resources of the National Park System		15.945	<u>18,729</u>
Total U.S. Department of the Interior Direct Programs			<u>44,357</u>
Pass Through Programs			
The Research Foundation of the State University of New York/State Wildlife Grants	240-98906-RCN 2023-03-WKU	15.634	21,155
Kentucky Natural Lands Trust/Endangered Species Recovery Implementation	F20AC11312	15.657	4,786
University of Kentucky Research Foundation/Assistance to State Water Resources Research Institutes	3200004323-23-094	15.805	<u>1,988</u>
Total U.S. Department of the Interior Pass Through Programs			<u>27,929</u>
Total U.S. Department of the Interior			<u>\$ 72,286</u>
National Aeronautics and Space Administration			
Direct Programs			
Science Mission Directorate (SMD)		43.001	<u>102,489</u>
Total National Aeronautics and Space Administration Direct Programs			<u>102,489</u>
Pass Through Program			
University of Maryland/Science Mission Directorate (SMD)	123447-Z6522201	43.001	14,280
University of Kentucky Research Foundation Office of Stem Engagement (OSTEM)	32004436-22-125	43.008	102,747
Office of Stem Engagement (OSTEM)	3210001706-23-032	43.008	436
Office of Stem Engagement (OSTEM)	3200004560-23-206	43.008	3,836
Adelphi Technology, Inc.	ATL-WKU-20-001	43.RD	<u>115,059</u>
Total National Aeronautics and Space Administration Pass Through Programs			<u>236,358</u>
Total National Aeronautics and Space Administration			<u>338,847</u>
National Endowment for the Humanities			
Direct Programs			
Promotion of the Humanities Research		45.161	<u>116,232</u>
Total National Endowment for the Humanities Direct Programs			<u>116,232</u>
National Science Foundation			
Direct Programs			
Mathematical and Physical Sciences		47.049	139,561
Biological Sciences		47.074	78,096
Social, Behavioral and Economic Sciences		47.075	5,852
Integrative Activities		47.083	233,253
Technology, Innovation and Partnerships		47.084	<u>22,386</u>
Total National Science Foundation Direct Programs			<u>479,148</u>
Pass Through Programs			
University of Nebraska Geosciences	25-6238-0877-002	47.050	966
University of Kentucky Research Foundation STEM Education	3200002015-19-043	47.076	29,520
Education and Human Resources	NSFHS-20-1-WKU	47.076	13,680
KY NSF EPSCoR Integrative Activities	3200002692-20-031	47.083	70,042
Integrative Activities	3200002692-20-031	47.083	86,239
Integrative Activities	330221-04	47.083	170,434
Integrative Activities	3200002692-23-011	47.083	1,908
Integrative Activities	3200002692-23-013	47.083	(925)
Integrative Activities	3200002692-23-193	47.083	11,828
Integrative Activities	320000 2692-23-181	47.083	17,904
Integrative Activities	3200002692-23-166	47.083	44,512
Integrative Activities	3200002692-24-046	47.083	70,926
Technology, Innovation and Partnerships	320000 5526-23-291	47.084	<u>6,247</u>
Total National Science Foundation Pass Through Programs			<u>523,281</u>
Total National Science Foundation			<u>1,002,429</u>

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
Environmental Protection Agency			
Direct Programs			
P3 Award: National Student Design Competition for Sustainability		66.516	\$ 6,872
Total Environmental Protection Agency Direct Programs			<u>6,872</u>
Pass Through Programs			
University of Kentucky Research Foundation/Clean Water State Revolving Fund		66.458	12,962
Ky Energy and Environment Cabinet/Performance Partnership Grants	3200005839-24-090 PON2 129 2200001498	66.605	41,972
Total Environmental Protection Agency Pass Through Programs			<u>54,934</u>
Total Environmental Protection Agency			<u>\$ 61,806</u>
U.S. Department of Education			
Direct Programs			
Fund for the Improvement of Postsecondary Education		84.116	456,554
Total U.S. Department of Education Direct Programs			<u>456,554</u>
Total U.S. Department of Education			<u>456,554</u>
U.S. Department of Health and Human Services			
Direct Programs			
NIH-Mental Health Research Grants		93.242	91,941
Occupational Safety and Health Program		93.262	193,300
NIH-Drug Abuse and Addiction Research Programs		93.279	152,415
NIH-Biomedical Research		93.859	110,424
Total U.S. Department of Health and Human Services Direct Programs			<u>548,080</u>
Pass Through Programs			
University of Kentucky Research Foundation Occupational Safety and Health Program	3210002823-24-171	93.262	12,197
Cabinet for Health and Family Services Drug Abuse and Addiction Research Programs	PON2 728 2200004539	93.391	224,183
Foster Care Title IV-E	SC736 220000 1506	93.658	49,665
University of Kentucky Research Foundation Child Abuse and Neglect State Grants	3210002311-23-195	93.669	4,400
Child Abuse and Neglect State Grants	3210002700-24-124	93.669	29,625
University of Louisville Biomedical Research and Research Training	ULRF-18-0975D-07	93.859	584,038
Biomedical Research and Research Training	ULRF	93.859	62,912
Biomedical Research and Research Training	ULRF 18-0680-03	93.859	(1)
Pennyroyal Center/Block Grants for Community Mental Health Services	EMAIL DATED 02/16/22	93.958	16,029
Total U.S. Department of Health and Human Services Pass Through Programs			<u>983,048</u>
Total U.S. Department of Health and Human Services			<u>1,531,128</u>
Corporation for National and Community Service			
Pass Through Programs			
Ameri Corps	LETTER DATED 10/14/21	94.006	37,888
Total Corporation for National and Community Service Pass Through Programs			<u>37,888</u>
Total Corporation for National and Community Service			<u>37,888</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			<u>4,511,061</u>
HEAD START CLUSTER			
U.S. Department of Health and Human Services			
Direct Programs			
Head Start		93.600	2,468,728
Total U.S. Department of Health and Human Services Direct Programs			<u>2,468,728</u>
Pass Through Programs			
Murray Head Start		93.600	152,381
Head Start	04CH011242/05	93.600	152,381
Total U.S. Department of Health and Human Services – Pass Through			<u>152,381</u>
Total U.S. Department of Health and Human Services			<u>2,621,109</u>
TOTAL HEAD START CLUSTER			<u>2,621,109</u>

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
TRIO CLUSTER			
U.S. Department of Education			
Direct Programs			
TRIO Student Support Services		84.042	\$ 340,685
TRIO Student Support Services		84.042	350,694
TRIO Talent Search		84.044	485,994
TRIO Upward Bound		84.047	307,013
TRIO Upward Bound		84.047	307,075
TRIO Upward Bound		84.047	399,610
TRIO Upward Bound		84.047	209,348
TRIO Educational Opportunity Centers		84.066	288,057
Total U.S. Department of Education - Direct			<u>2,688,476</u>
Total U.S. Department of Education			<u>\$ 2,688,476</u>
TOTAL TRIO CLUSTER			<u>2,688,476</u>
CCDF CLUSTER			
U.S. Department of Health and Human Services			
Pass Through Programs			
Cabinet for Health and Family Services			
Child Care and Development Block Grant	SC736 220000 1506	93.575	732,292
Child Care and Development Block Grant	SC 736 220000 1469	93.575	12,000
Child Care and Development Block Grant	SC 736 2200001506	93.575	1,959,929
Child Care and Development Block Grant	AGREEMENT DATED 2/25/2021	93.575	129,036
Total U.S. Department of Health and Human Services-Pass Through			<u>2,833,257</u>
Total U.S. Department of Health and Human Services			<u>2,833,257</u>
TOTAL CCDF CLUSTER			<u>2,833,257</u>
OTHER FEDERAL			
U.S. Department of Agriculture			
Direct Programs			
Farmers Market and Local Food Promotion Program		10.175	200,137
Partnership Agreements		10.699	186,536
Total U.S. Department of Agriculture Direct Programs			<u>386,673</u>
Pass Through Programs			
Duo County Telephone Coop/ Rural eConnectivity Pilot Program	KY 1702-B73	10.752	9,415
Total U.S. Department of Agriculture Pass Through Programs			<u>9,415</u>
Total U.S. Department of Agriculture			<u>396,088</u>
U.S. Department of Commerce			
Pass Through Programs			
University of Louisville/Economic Development Technical Assistance	ULRF-22-0901-01	11.303	60,511
Total U.S. Department of Commerce Pass Through Programs			<u>60,511</u>
Total U.S. Department of Commerce			<u>60,511</u>

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of Defense			
Pass Through Programs			
Institute of International Education			
The Language Flagship Grants to Institutions of Higher Education	BOR21-WKU-24-CHN-PO6	12.550	\$ 19,195
The Language Flagship Grants to Institutions of Higher Education	Flagship Summer 2023	12.550	11,500
The Language Flagship Grants to Institutions of Higher Education	Chinese Flagship Admin 24	12.550	342,953
The Language Flagship Grants to Institutions of Higher Education	BOR21-WKU-24-TT-PO2	12.550	54,865
The Language Flagship Grants to Institutions of Higher Education	BOR21-WKU-24-TT-PO4	12.550	88,853
The Language Flagship Grants to Institutions of Higher Education	BOR21-WKU-24-SSC-PO5	12.550	57,252
Total U.S. Department of Defense Pass Through Programs			<u>574,618</u>
Total U.S. Department of Defense			<u>\$ 574,618</u>
U.S. Department of the Interior			
Direct Programs			
Cooperative Research and Training Programs		15.945	8,304
U.S. Department of the Interior Direct Programs			<u>8,304</u>
Total U.S. Department of the Interior			<u>8,304</u>
U.S. Department of the State			
Pass Through Programs			
World Learning Inc/Academic Exchange Programs - Undergraduate Programs	CBPSA20-WKU01	19.009	13,058
Arizona State University/Professional and Cultural Exchange Programs - Citizen Exchange	ASUB 00001397	19.415	11,570
Total U.S. Department of the State Pass Through Programs			<u>24,628</u>
Total U.S. Department of the State			<u>24,628</u>
U.S. Department of the Treasury			
Pass Through Programs			
University of Louisville/Coronavirus State and Local Fiscal Recovery Funds	ULRF-22-0474-01	21.027	251,464
Office for Policy and Management/Coronavirus State and Local Fiscal Recovery Funds	EMAIL DATED 06/27/22	21.027	587,259
Cabinet for Health and Family Services/Coronavirus State and Local Fiscal Recovery Funds	AGREEMENT SIGNED 06/06/23	21.027	196
Council of Postsecondary Education/Coronavirus State and Local Fiscal Recovery Funds	SC 415 2300000388	21.027	65,071
Total U.S. Department of the Treasury Pass Through Programs			<u>903,990</u>
Total U.S. Department of the Treasury			<u>903,990</u>
National Endowment for Arts			
Direct Programs			
Promotion of the Arts Grants to Organizations and Individuals		45.024	13,097
Total National Endowment for Arts Direct Programs			<u>13,097</u>
Pass Through Programs			
Southern Arts Foundation/Promotion of the Arts Grants to Organizations and Individuals	Award Notification 04/17/23	45.025	5,000
Total National Endowment for Arts Pass Through Programs			<u>5,000</u>
Total National Endowment for Arts			<u>18,097</u>
National Endowment for Humanities			
Direct Programs			
Promotion of the Humanities		45.149	6,480
Total National Endowment for Humanities Direct Programs			<u>6,480</u>
Pass Through Programs			
Kentucky Humanities Council/Promotion of the Humanities	2023-011	45.129	1,500
Total National Endowment for Humanities Pass Through Programs			<u>1,500</u>
Total National Endowment for Humanities			<u>7,980</u>
National Institute for Museum and Library Services			
Direct Programs			
Museums for America		45.301	13,413
Museums for America		45.301	37,863
Total National Institute for Museum and Library Services Pass Through Programs			<u>51,276</u>
Total Institute for Museum and Library Services			<u>51,276</u>
U.S. Department of Education			
Direct Programs			
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		84.325	118,878
Military Student Services		84.116G	124,055
Total U.S. Department of Education Direct Programs			<u>242,933</u>
Pass Through Programs			
Kentucky Department of Education			
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	PON2 540 2300001198	84.325L	5,469
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	PON2 540 2400000 857	84.325L	47,829
Title I Grants to Local Educational Agencies	PON2 540 2300003638	84.010	160,793
Career and Technical Education -- Basic Grants to States	PON2 540 2300003251	84.048	3,888
John Hopkins University/Javits Gifted and Talented Students Education	2005153889	84.206	531,023
Total U.S. Department of Education Pass Through Programs			<u>749,002</u>
Total U.S. Department of Education			<u>991,935</u>

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Direct Programs			
Mental and Behavioral Health Education and Training Grants		93.732	\$ 331,809
Total U.S. Department of Health and Human Services Direct Programs			<u>331,809</u>
Pass Through Programs			
Kentucky Population Health Institute			
Environmental Public Health and Emergency Response	KPHI 303	93.070	507
University of Louisville			
Area Health Education Centers	ULRF-22-0847-02	93.107	67,274
Area Health Education Centers	ULRF-22-0847A-02	93.107	74,076
Lifeskills/Substance Abuse and Mental Health Service Projects	LCCWEAR FY24-1	93.243	35,171
Cabinet for Health and Family Services	SC 728 23 000 00592	93.354	28,339
Public Health Emergency Response			
University of Kentucky Research Foundation			
Foster Care Title IV-E	320000 5689-24-079	93.658	9,270
University of Louisville			
PPHF Geriatric Education Centers	ULRF_19-0740A4-04	93.969	7,500
Total U.S. Department of Health and Human Services Pass Through Programs			<u>222,137</u>
Total U.S. Department of Health and Human Services			<u>\$ 553,946</u>
Executive Office of the President			
Pass Through Programs			
Appalachia HIDTA			
High Intensity Drug Trafficking Areas Program	G22 AP 0001A	95.001	11,483
High Intensity Drug Trafficking Areas Program	G24 AP 0001A	95.001	8,217
Total Executive Office of the President Pass Through Programs			<u>19,700</u>
Total Executive Office of the President			<u>19,700</u>
U.S. Department of Homeland Security			
Pass Through Programs			
Kentucky Department of Military Affairs			
BRIC: Building Resilient Infrastructure and Communities	PON2 095 2100001075	97.047	52,383
Total U.S. Department of Homeland Security Pass Through Programs			<u>52,383</u>
Total U.S. Department of Homeland Security			<u>52,383</u>
TOTAL OTHER FEDERAL			<u>3,663,456</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 102,416,128</u>

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

During the year ended June 30, 2024, the System provided \$3,502,639 in expenditures to subrecipients as follows:

Program	Assistance Listing Number	Subrecipient	Fiscal 2024 Expenditures
Cabinet for Health and Family Services			
Bingocize Online Phase II	93.391	University of Kentucky	\$ 81,246
FCCN Main Oversight FY23	93.575	Appalachian Early Childhood Network	600,408
FCCN Main Oversight FY23	93.575	Child Care council of Kentucky	300,000
FCCN Main Oversight FY23	93.575	Community Coordinated Child Care Inc. 4-C	413,660
FCCN Main Oversight FY23	93.575	Early Childhood Learning Education	431,535
National Institute of Food and Agriculture			
Improving Meat Safety	10.326	Wayne State University	58,051
Improving Meat Safety	10.326	West Virginia University Research Corporation	64,761
NEH - National Endowment for Humanities			
Principia Mathematica	45.161	University of Iowa	72,287
United States Department of Agriculture			
Consumer-oriented WIDE Partnership	10.175	Community Farmers Market	26,901
Consumer-oriented WIDE Partnership	10.175	Foundation for Connecting Communities	36,300
Consumer-oriented WIDE Partnership	10.175	Need More Acres Farm	39,088
Consumer-oriented WIDE Partnership	10.175	SoKY Marketplace LLC	8,842
Consumer-oriented WIDE Partnership	10.175	Southern Kentucky Produce Association	9,465
US Dept of Health & Human Services			
Head Start FY23	93.600	Audubon Area Community Services Inc	366,771
Head Start FY23	93.600	Murray Head Start	203,850
Head Start Training FY23	93.600	Audubon Area Community Services Inc	2,826
Head Start Training FY23	93.600	Murray Head Start	3,527
Head Start FY24	93.600	Audubon Area Community Services Inc	402,687
Head Start FY24	93.600	Murray Head Start	376,675
Head Start Training FY24	93.600	Audubon Area Community Services Inc	3,759
Total: Federal Awards Paid to Subrecipients			\$ 3,502,639

WESTERN KENTUCKY UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Federal Loan Programs

The Federal Perkins loan program is administered directly by the University, and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. There were no disbursements from the Federal Perkins Loan Program during the year. The balance of loans outstanding at June 30, 2024 was \$691,830.

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*

Independent Auditor's Report

Board of Regents
Western Kentucky University
Bowling Green, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities of Western Kentucky University (University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 4, 2024. Our report also includes a reference to other auditors who audited the financial statements of Western Kentucky University College Heights Foundation, Inc., as described in our report on the University's financial statements. The financial statements of WKU Student Life Foundation, Inc. and Western Kentucky University College Heights Foundation, Inc. were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with WKU Student Life Foundation, Inc. and Western Kentucky University College Heights Foundation, Inc.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University'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*.

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.

Forvis Mazars, LLP

**Louisville, Kentucky
October 4, 2024**

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Regents
Western Kentucky University
Bowling Green, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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 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 University 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 University'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 University'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 University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and 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 University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and 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 University'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 University'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University'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.

Forvis Mazars, LLP

**Louisville, Kentucky
October 4, 2024**

WESTERN KENTUCKY UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

5. Type of auditor’s report issued on compliance for major federal program(s):

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

- Yes No

WESTERN KENTUCKY UNIVERSITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
 Year Ended June 30, 2024

7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Assistance Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.600	Head Start Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable	

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
No matters are reportable.	

WESTERN KENTUCKY UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2024

Reference Number	Summary of Finding	Status
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No matters are reportable.

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX C
SUMMARY OF THE ORIGINAL TRUST AGREEMENT

SUMMARY OF THE ORIGINAL TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement dated as of December 1, 2006, by and between the University and U.S. Bank Trust Company, National Association, as the successor-in-interest to U.S. Bank, National Association, as Trustee. This summary is not to be regarded as a complete statement of the Trust Agreement to which reference is made for a complete statement of the actual terms thereof. Copies of the Trust Agreement are on file with the Trustee.

Defined Terms

The terms defined below are among those used in the Official Statement and in this summary of the Trust Agreement. Except where otherwise indicated or provided, words in the singular number include the plural as well as the singular number and vice versa.

“Act” means Sections 162.340 to 162.380 of the Kentucky Revised Statutes, Chapter 56 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes as the same may be amended, modified, revised, supplemented, or superseded from time to time.

“Additional Obligation Instruments” means agreements providing for the repayment of money that the University may, from time to time, be authorized to enter into under the laws of the Commonwealth. The definition of Additional Obligation Instruments does not include “Bond” or “Bonds,” “Note” or “Notes,” Financing Agreements or SPBC Leases.

“ALCo” means the Kentucky Asset/Liability Commission and any successor thereto.

“Authenticating Agent” means the Trustee and the Registrar for the series of Obligations and any bank, trust company or other Person designated as an Authenticating Agent for such series of Obligations by or in accordance with the Trust Agreement.

“Beneficial Owner” means, with respect to the Obligations, a Person owning a Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“Beneficial Ownership Interest” means the beneficial right to receive payments and notices with respect to a series of Obligations which are held by a Depository under a Book Entry System.

“Board” means the Board of Regents of the University, or if there shall be no such Board of Regents, such Person or body which, pursuant to law or the organizational documents of the University, is vested with the power to direct the management and policies of the University, and shall include any committee empowered to act on behalf of such board or body.

“Bond” or “Bonds” means any bond, or all of the bonds, or an issue or series of bonds, as the case may be, as so identified in the certificate of the Fiscal Officer, of the University issued pursuant to the 2006 General Bond Resolution, a Series Resolution and the Trust Agreement. The definition of Bond and Bonds does not include “Note” or “Notes,” Financing Agreements, SPBC Leases, or Additional Obligation Instruments.

“Bond Counsel” means an attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds selected by the University or its counsel and acceptable to the Trustee.

“Book Entry Form” or “Book Entry System” means, with respect to the Obligations, a form or system, as applicable, under which (a) the Beneficial Ownership Interests may be transferred only through a book entry and (b) physical Obligation certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Obligation certificates “immobilized” in the custody of the Depository. The Book Entry System maintained by and the responsibility of the Depository and not maintained by or the responsibility of the University or the Trustee is the record that identifies, and records the transfer of the interests of, the owners of book entry interests in the Obligations.

“Business Day” means a day of the year, other than a Saturday or Sunday, on which banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed or a day on which The New York Stock Exchange is not closed.

“Certificate of Award” means, with respect to any series of Obligations, the Certificate of Award for such series, if any, authorized in the applicable Series Resolution or the contract of purchase for such series of Obligations.

“Commonwealth” means the Commonwealth of Kentucky.

“Costs of University Facilities” means the costs of or related to University Facilities, and the financing thereof, for the payment of which Obligations may be issued under the Act.

“Credit Support Instrument” means an irrevocable letter of credit, line of credit, standby bond purchase agreement, insurance policy, guaranty or surety bond or similar instrument providing for the payment of or guaranteeing the payment of principal or purchase price of and interest on Obligations when due, either to which the University is a party or which is provided at the request of the University.

“Credit Support Provider” means the provider of a Credit Support Instrument.

“Debt Service Charges” means, generally, for any applicable time period, (i) the principal (including any Mandatory Sinking Fund Requirements), interest and redemption premium, if any, required to be paid by the University on Obligations pursuant to any Series Resolution, less any capitalized interest for such time period and accrued interest on deposit in the Debt Service Payment Account; (ii) any amounts due to a Credit Support Provider to the extent as set forth in a Credit Support Instrument; and (iii) any amounts due to a Hedge Provider to the extent as set forth in an Interest Rate Hedge Agreement.

“Debt Service Fund” means the Debt Service Fund authorized and created pursuant to the Trust Agreement.

“Debt Service Payment Account” means the Debt Service Payment Account within the Debt Service Fund authorized and created pursuant to the Trust Agreement.

“Debt Service Reserve Account” means the Debt Service Reserve Account authorized and created pursuant to the Trust Agreement.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, together with its participants a Book Entry System to record beneficial ownership of a series of Obligations, and to effect transfers of such Obligations, in Book Entry Form, and includes the Depository Trust Company (a limited purpose trust company), New York, New York.

“Direct Participant” means a Participant as defined in the Letter of Representations.

“Eligible Investments” means any investment authorized by Section 42.500 and 56.520(5) of the Kentucky Revised Statutes, as the same may be amended, modified, revised, supplemented, or superseded from time to time.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all reasonable expenses (including counsel fees) properly incurred by the Trustee under the Trust Agreement, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“Event of Default” means an Event of Default as defined in the Trust Agreement.

“Financial Statements” means the University’s Annual Consolidated Financial Statements.

“Financing Agreement” means a “Financing Agreement” as defined in Chapter 56 of the Kentucky Revised Statutes between the University and ALCo or the applicable state agency as then provided by law. The definition of Financing Agreement does not include “Bond” or “Bonds,” “Note” or “Notes” or Additional Obligation Instruments, but may also mean an SPBC Lease.

“Fiscal Officer” means the University Controller/Treasurer of the University or such other person designated by the University Controller/Treasurer or the Board to act as Fiscal Officer for purposes of the Trust Agreement.

“Fiscal Year” means a period of twelve consecutive months constituting the fiscal year of University commencing on the first day of July of any year and ending on the last day of June of the next succeeding calendar year, both inclusive, or such other consecutive twelve month period as hereafter may be established from time to time for budgeting and accounting purposes of the University by the Board to be evidenced, for purposes of the Financing Agreement, by a certificate of a Fiscal Officer filed with the Trustee.

“Fitch” means Fitch Ratings.

“General Receipts” means, as reported in the Financial Statements (having the designations, to the extent not otherwise defined in the Financing Agreement, set forth in the Financial Statements or such successor designations that may hereafter be used in Financial Statements):

- (a) certain operating and non-operating revenues of the University, being (i) Student Registration Fees, (ii) local and private grants and contracts, (iii) sales and services of educational activities, (iv) other operating revenues, (v) state appropriations (for general operations), (vi) investment income, and (vii) other nonoperating revenues;
- (b) but excluding (i) any receipts described in clause (a) which are contracts, grants, gifts, donations or pledges and receipts therefrom which, under restrictions imposed in such contracts, grants, gifts, donations or pledges, or, which as a condition of the receipt thereof or of amounts payable thereunder are not available for payment of Debt Service Charges, (ii) auxiliary enterprise revenues, (iii) federal grants and contracts, (iv) state and local grants and contracts and (v) federal appropriations;

provided, however, that General Receipts may

- (c) include any other receipts that may be designated as General Receipts from time to time by a resolution of the Board delivered to the Trustee;
- (d) exclude any receipts not heretofore pledged, which may be designated from time to time by a resolution of the Board delivered to the Trustee; and
- (e) exclude any receipts heretofore pledged, which may be designated from time to time by a resolution of the Board delivered to the Trustee and each Rating Service then rating any Obligations, but only if each such Rating Service confirms in writing to the University that the exclusion of any such receipt would not cause a reduction or withdrawal of the then current rating on any Outstanding Obligations.

“Government Bonds” means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank), and (c) securities which represent an interest in the obligations described in (a) and (b) above.

“Hedge Provider” means the provider of an Interest Rate Hedge Agreement.

“Holder” means any Person in whose name a registered Obligation is registered; provided that ALCo, or its assignee, shall be the Holder of any Financing Agreement and SPBC, or its assignee, shall be the Holder of any SPBC Lease.

“Indirect Participant” means a Person utilizing the Book Entry System of the Depository by, directly or indirectly, clearing through or maintaining a custodial relationship with a Direct Participant.

“Interest Payment Dates” means the dates specified in the applicable Series Resolution or Certificate of Award on which interest on the Obligations or any series of Obligations is to be paid.

“Interest Rate Hedge Agreement” means an interest rate swap, an interest rate cap or other such arrangement obtained, either directly by the University (or the Trustee on behalf of the University) or through ALCo, with the goal of lowering the effective interest rate to the University on Obligations or hedging the exposure of the University with respect to its obligations on the Obligations against fluctuations in prevailing interest rates.

“Letter of Representations” means the Blanket Letter of Representations from the University to the Depository.

“Mandatory Sinking Fund Requirements” means amounts required by any Series Resolution or the Certificate of Award to be deposited to the Debt Service Payment Account in any fiscal year for the purpose of retiring principal maturities of Obligations which by the terms of such Obligations are due and payable, if not called for prior redemption, in any subsequent fiscal year.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns.

“Notes” or “Note” means any note or all of the notes, or an issue of notes, as the case may be, as so identified in the certificate of the Fiscal Officer issued by the University in anticipation of the issuance of Obligations or receipt of grants or appropriations to pay Costs of University Facilities, or to pay costs of refunding or retirement of Notes previously issued pursuant to the Act, the 2006 General Bond Resolution, a Series Resolution and the Trust Agreement. The definition of Note and Notes does not include “Bond” or “Bonds,” Financing Agreements, SPBC Leases or Additional Obligation Instruments.

“Obligations” means Bonds, Notes, Financing Agreements, SPBC Leases and Additional Obligation Instruments.

“Ordinary Services” and “Ordinary Expenses” means those services normally rendered and those expenses (including counsel fees) normally incurred by a trustee under instruments similar to the Trust Agreement.

“Original Purchaser” means, as to any Obligations, the Person or Persons expressly named in the applicable Series Resolution or the Certificate of Award as the original purchaser of those Obligations from the University.

“Outstanding” means, as of any date, Notes and Bonds which have been authenticated, and with respect to all Obligations, have been delivered, or are then being delivered, by the Trustee or the University under the Trust Agreement except:

- (a) Obligations surrendered for exchange or transfer or canceled because of payment or redemption at or before such date;
- (b) Obligations for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited before such date with the Trustee or Paying Agents (whether upon or before the maturity or redemption date of any such Obligations), or which are deemed to have been paid and discharged pursuant to the provisions of the Trust Agreement; provided that if such Obligations are to be redeemed before the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made there for, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee, and provided, further, that if such Obligations are to be purchased for cancellation, a firm offer for sale stating the price has been received and accepted; and
- (c) Lost, stolen, mutilated or destroyed Obligations in lieu of which others have been authenticated, if applicable, (or payment, when due, of which is made without replacement) under the Trust Agreement.

“Paying Agents” means any banks or trust companies designated as the paying agencies or places of payment for Obligations by or pursuant to the applicable Series Resolution, and their successors designated pursuant to the Trust Agreement, and shall also mean the Trustee when so designated for such purpose.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

“Predecessor Obligation” of any particular Obligation means every previous Obligation evidencing all or a portion of the same debt as that evidenced by the particular Obligation. For the purposes of this definition, any Bond or Note authenticated and delivered under the Trust Agreement in lieu of a lost, stolen or destroyed Bond or Note shall, except as otherwise provided in the Trust Agreement, be deemed to evidence the same debt as the lost, stolen or destroyed Bond or Note.

“Prior Obligations” means any notes, bonds or other obligations that are outstanding under the Prior Resolution.

“Prior Pledged Funds” means, collectively, all funds and accounts created under the Prior Resolution.

“Prior Pledged Revenues” means amounts required to be deposited in the “Revenue Fund” created by the Prior Resolution.

“Prior Resolution” means the resolution adopted by the Board on August 15, 1960, that has provided for the issuance of Consolidated Educational Buildings Revenue Bonds of the University.

“Project Fund” means the Project Fund created pursuant to the Trust Agreement.

“Purchase Price” means, as to any series of Obligations, the amount provided for in the Series Resolution and the Certificate of Award authorized thereby, plus accrued interest, if any, on the aggregate principal amount of those Obligations from their date to the date of their delivery to the Original Purchaser and payment therefor.

“Rating Service” means Fitch, Moody’s, S&P, or any other nationally recognized rating service.

“Redemption and Purchase Account” means the Redemption and Purchase Account authorized and created pursuant to the Trust Agreement.

“Register” means the books kept and maintained by the Registrar for the registration and transfer of Obligations pursuant to the Trust Agreement.

“Registrar” means, with respect to a series of Obligations, the keeper of the Register for those Obligations, which shall be the Trustee except as may be otherwise provided by or pursuant to the Series Resolution for those Obligations, each of which shall be a transfer agent registered in accordance with Section 17(A)(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means, with respect to any Obligation and unless otherwise provided in the Series Resolution authorizing the particular series of Obligations, the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Obligation.

“Reimbursement Agreement” means, with respect to a series of Obligations, any agreement or agreements between one or more Credit Support Providers and the University under or pursuant to which a Credit Support Instrument for such series of Obligations is issued or provided and which sets forth the respective obligations of the University and of the Credit Support Provider.

“Remarketing Agent” means any entity which acts as the remarketing agent with respect to a series of Obligations.

“Revenue Fund” means the Revenue Fund authorized and created pursuant to the Trust Agreement.

“S&P” means Standard & Poor’s Rating Services, a Division of The McGraw Hill Companies, and its successors and assigns.

“Series Resolution” means a Resolution of the Board authorizing one or more series of Obligations and the execution and delivery of a Supplemental Trust Agreement, all in accordance with the 2006 General Bond Resolution and the Trust Agreement.

“SPBC” means the State Property and Buildings Commission of the Commonwealth and any successor thereto.

“SPBC Lease” means a lease between the University and SPBC or the applicable state agency as then provided by law. The definition of SPBC Lease does not include “Bond” or “Bonds,” “Note” or “Notes” or Additional Obligation Instruments, but may also mean a Financing Agreement.

“Special Funds” means the Debt Service Fund and accounts therein and any other funds or accounts permitted by, established under, or identified in the Trust Agreement or a Series Resolution and designated as Special Funds. The Revenue Fund shall not be a Special Fund.

“Student Registration Fees” means operating revenues having the designation “tuition and fees” in the Financial Statements or any successor designation or designations for such receipts that may hereafter be used in Financial Statements.

“Subordinated Indebtedness” means obligations which, with respect to any issue thereof, are secured by a pledge of the General Receipts which is subordinate to that of the holders of Obligations and which are evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such obligations.

“Supplemental Trust Agreement” means any one or more of Supplemental Trust Agreements entered into by the parties pursuant to the Trust Agreement and a Series Resolution.

“Tender Agent” means any entity which acts as a tender agent for a series of Obligations.

“Trust Agreement” means the Trust Agreement, dated as of December 1, 2006, between the University and the Trustee, as the same may be duly amended, modified or supplemented in accordance with its terms.

“Trustee” means the Trustee at the time serving under the Trust Agreement, originally U.S. Bank Trust Company, National Association, as the successor-in-interest to U.S. Bank, National Association and any successor Trustee as determined or designated under or pursuant to the Trust Agreement.

“2006 General Bond Resolution” means the resolution of the Board adopted on November 2, 2006, authorizing the execution and delivery of the Trust Agreement.

“University” means Western Kentucky University, a public body corporate, and an educational institution and agency of the Commonwealth of Kentucky, and every part and component thereof as from time to time existing, and when the context requires, includes the Board.

“University Facilities” means buildings and appurtenances to be used in connection with the University for educational purposes, including, but not limited to any Authorized Project, any Building, any Building project and any Public project, as those terms are defined in the Act, and further includes any one, part of, or any combination of such facilities, and further includes site improvements, utilities, machinery, furnishings and any separate or connected buildings, structures, improvements, sites, open space and green space areas, utilities or equipment to be used in, or in connection with the operation or maintenance of, or supplementing or otherwise related to the services or facilities to be provided by such facilities.

Any reference in the Trust Agreement to the University, the Board, or to any officers or to other public boards, commissions, departments, institutions, agencies, bodies, entities or officers, shall include those which succeed to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. Any reference to a section or provision of the Kentucky Revised Statutes or to the laws of Kentucky shall include such section or provision and such laws as from time to time amended, modified, revised, supplemented, or superseded, provided that no such amendment, modification, revision, supplementation, or super session shall alter the obligation to pay the Debt Service Charges in the amount and manner, at the times, and from the sources provided in this Resolution, the applicable Series Resolution, and the Trust Agreement, except as otherwise permitted in the Trust Agreement.

Debt Service Fund and Other Special Funds

The Trustee will hold and administer the Debt Service Fund and any other Special Fund created under the Trust Agreement, together with the accounts contained therein, upon the terms and conditions, including, without limitation, the terms and conditions set forth in the Trust Agreement and the applicable Series Resolution or Supplemental Trust Agreement for the investment of moneys deposited in such Funds, set forth in the applicable Series Resolution and the Trust Agreement.

There will be maintained in the Debt Service Fund the following Accounts: the Debt Service Payment Account, the Debt Service Reserve Account and the Redemption and Purchase Account. The Trustee will maintain a separate subaccount within the Debt Service Payment Account for each series of Obligations and each separate subaccount will secure only the particular series of Obligations to which it is related. (Section 4.01)

Use of Debt Service Payment Account; Intercept

The Debt Service Account is pledged to and will be used solely for the payment of Debt Service Charges as they fall due. Payments sufficient in an amount to pay the Debt Service Charges as they become due will be paid by the University directly to the Trustee, and deposited in the Debt Service Payment Account to the extent moneys in the Debt Service Payment Account are not otherwise available therefore. Upon the occurrence and during the continuation of an Event of Default described in the Trust Agreement with respect to a specific series of Obligations, if a subaccount in the Debt Service Reserve Account has been created to secure such series of Obligations, moneys in the applicable subaccount of the Debt Service Reserve Account may be transferred by the Trustee to the Debt Service Payment Account to be used to pay Debt Service Charges with respect to such series of Obligations pursuant to the Trust Agreement. Except as provided in the Trust Agreement, moneys in the Debt Service Payment Account shall be used solely for the payment of Debt Service Charges on the Obligations, for the redemption of Obligations before maturity, for the payment of any amounts due to a Credit Support Provider to the extent as set forth in a Credit Support Instrument, for the payment of any amounts due to a Hedge Provider to the extent as set forth in an Interest Rate Hedge Agreement and as otherwise provided in the Trust Agreement and the 2006 General Bond Resolution.

If, ten days before any date that the payment of Debt Service Charges are due, sufficient funds are not on deposited in the Debt Service Payment Account to enable the Trustee to pay such Debt Service Charges, or if the Trustee shall have transferred funds from a Debt Service Reserve Account to the Debt Service Payment Account to forestall a default in the payment of Debt Service Charges, then in each such instance the Trustee shall immediately notify the Treasurer of the University and the Secretary of the Finance and Administration Cabinet of the Commonwealth in writing of such event and request that amounts be remitted to the Trustee pursuant to the then applicable provisions of Section 164A.608 of the Kentucky Revised Statutes to cure such deficiency or to restore the amount transferred from the Debt Service Reserve Account. (Section 4.02)

Debt Service Reserve Account

The Trustee will hold and administer a Debt Service Reserve Account to be used, solely for the payment of Debt Service Charges with respect to any series of Obligations for which a reserve fund has been mandated pursuant to the Series Resolution which authorized the issuance of such series of Obligations. A separate subaccount shall be created in the Supplemental Debt Service Reserve Account for each series of Obligations for which a reserve fund has been mandated by the Series Resolution which authorized such series of Obligations and each separate subaccount shall secure only the particular series of Obligations to which it is related.

If, on the date upon which Debt Service Charges on any Obligations which are secured by a Debt Service Reserve Account or subaccount held by the Trustee fall due, the subaccount within the Debt Service Payment Account related to such Obligations is insufficient to meet such Debt Service Charges to be paid therefrom on such date, the Trustee will immediately transfer from the appropriate subaccount of the Debt Service Reserve Account an amount sufficient to make up such deficiency in the subaccount of the Debt Service Payment Account. Except as may be provided in the applicable Series Resolution or Supplemental Trust Agreement, if on the day upon which amounts are due to a Hedge Provider under an Interest Rate Hedge Agreement or are due to a Credit Support Provider in reimbursement for amounts provided under a Credit Support Instrument, the amount in the subaccount within the Debt Service Payment Account related to such Debt Service Charges (other than from any amounts provided under an Interest Rate Hedge Agreement or Credit Support Instrument) is insufficient to pay such amounts to such Hedge Provider or Credit Support Provider on that date, the Trustee, without necessity for any further order of the University or officer thereof, will make available for such reimbursement any amounts in the related subaccount of the Debt Service Reserve Account for the series of Obligations to which the Interest Rate Hedge Agreement or Credit Support Instrument applies that are necessary to make up that insufficiency. The amount so transferred will be applied only to the payment of Debt Service Charges on the Obligations to which that Debt Service Reserve Account pertains or for the payment of any amounts due to a Hedge Provider under an Interest Rate Hedge Agreement or to a Credit Support Provider as reimbursement of draws under a Credit Support Instrument in connection with the Obligations to which that Debt Service Reserve Account pertains.

Subject to the foregoing, any amount in a subaccount of the Debt Service Reserve Account in excess of the amount required to be maintained therein pursuant to the Series Resolution which created such subaccount or the Certificate of Award (the "Required Amount") will be transferred to the Debt Service Payment Account or to the Redemption and Purchase Account for the purposes thereof, if and to the extent ordered by the Fiscal Officer. Such excess will be determined by calculating the Required Amount with reference to Outstanding Obligations of the particular series only, excluding any Obligations for the redemption or purchase of which such excess is being transferred to the Redemption and Purchase Account.

Within one hundred eighty (180) days after the end of each Fiscal Year, the University shall, from General Receipts, restore to the various subaccounts within the Debt Service Reserve Account any amounts transferred therefrom or any decrease in value determined pursuant to Section 4.14 of the Trust Agreement in such Fiscal Year so that the amounts in such subaccounts are at least equal to the various Required Amounts. (Section 4.03)

Redemption and Purchase Account

There will be deposited in the Redemption and Purchase Account that portion (if any) of the proceeds of refunding Obligations, as provided in the Series Resolution authorizing their issuance, allocated to the payment of the principal, interest and redemption premium, if any, or purchase price of the Obligations to be refunded, funded or retired through the issuance of such refunding Obligations; amounts to be transferred thereto from the Debt Service Reserve Account by order of the Fiscal Officer pursuant to Section 4.03 of the Trust Agreement; and any other amounts made available by the University for the purposes of the Redemption and Purchase Account. Amounts for the redemption of Obligations to be provided pursuant to the mandatory sinking fund requirements of the Series Resolution authorizing such Obligations will not be deposited to the credit of the Redemption and Purchase Account, but shall be deposited to the credit of the Debt Service Payment Account.

Any amounts in the Redemption and Purchase Account may be committed, by Series Resolution or other action by the Board, for the retirement of and for Debt Service Charges on specified Obligations and, so long as so committed, will be used solely for such purposes whether directly or through transfer to the Debt Service Fund. Subject to the foregoing provisions of the Trust Agreement, the Fiscal Officer may cause moneys in the Redemption and Purchase Account to be used to purchase any Obligations for cancellation and to redeem any Obligations in accordance with the redemption provisions of the applicable Series Resolution. From moneys in the Redemption and Purchase Account, the Trustee will transmit or otherwise disburse such amounts at such times as required for the redemption or purchase for cancellation of Obligations, and Debt Service Charges, in accordance with the applicable Series Resolution, or other action by the Board or order of the Fiscal Officer not inconsistent therewith. Any amounts in the Redemption and Purchase

Account not required for the purposes thereof pursuant to a commitment theretofore made, may be transferred to the Debt Service Payment Account or the Debt Service Reserve Account upon order of the Fiscal Officer. (Section 4.04)

Project Fund

Upon the issuance and delivery of Obligations, the proceeds of which will be used to pay Costs of University Facilities, the Treasury of the Commonwealth, will hold and administer a fund designated the "Western Kentucky University Project Fund" with an additional series identification for each series of Obligations.

Amounts in a Project Fund will be disbursed therefrom by the Treasurer of the Commonwealth according to such inspection, audit, and disbursement procedures as may from time to time be provided by law, for the purpose of paying Costs of University Facilities as identified in the related Series Resolution or Supplemental Trust Agreement and to reimburse the University for any payments which may have been made from other available resources in anticipation of the issuance of such Obligations.

Any balance remaining in a Project Fund after the final payment of all Costs of University Facilities for which such Project Fund was created, will be deposited in the Debt Service Fund and (i) credited to the related subaccount, if any, within the Debt Service Reserve Account if and to the extent that such subaccount of the Debt Service Reserve Account contains less than the Required Amount, or (ii) either applied as a credit against the next deposit required to be made into the Debt Service Payment Fund, or used to purchase Obligations in the open market at a purchase price not exceeding par plus accrued interest, as may be directed by the Fiscal Officer; provided that, if proceedings are then pending or imminently contemplated for incurring additional Costs of University Facilities which are or will be paid from the proceeds of Obligations, any such unexpended balance may be taken into account in determining the amount of Obligations to be authorized for such purpose, or may otherwise be applied to such Costs of University Facilities, in which event such unexpended balance may be transferred to a Project Fund created for such purpose.

If so provided in any Series Resolution or a Supplemental Trust Agreement, to the extent permitted by law, a Project Fund may be held and disbursed by the Trustee. Furthermore, if the Obligations with respect to which a Project Fund is created are Financing Agreements, SPBC Leases or Additional Obligation Instruments, a Project Fund may be created in accordance with the requirements of such Financing Agreements, SPBC Leases or Additional Obligation Instruments. (Section 4.05)

General Covenant

So long as any Obligations are Outstanding pursuant to the Trust Agreement, the University covenants and agrees: (i) to fix, make, adjust and collect such fees, rates, rentals, charges and other items of General Receipts so that there shall inure to the University General Receipts, in view of other revenues and resources available to the University, sufficient: to pay Debt Service Charges then due or to become due in the current Fiscal Year; to pay any other costs and expenses payable under the Trust Agreement; and to pay all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the University; and (ii) that it will include in its budget for each Fiscal Year the amount required to be paid to the Debt Service Fund established under Section 4.02 of the Trust Agreement, during such Fiscal Year. (Section 4.12)

Investment of Debt Service Fund and Project Fund

Except as provided in the Trust Agreement, moneys in the Debt Service Fund and the Project Fund shall be invested and reinvested by the Trustee (or the Fiscal Officer, as applicable) in Eligible Investments at the oral or written direction of the University, but if oral, confirmed promptly in writing. Investment of moneys in the Debt Service Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Debt Service Charges as they become due at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements. Each investment of moneys in the Debt Service Fund and the Project Fund will mature or be redeemable without penalty at such time as may be necessary to make payments when necessary from such fund. In the absence of any written direction from the Fiscal Officer, the Trustee will invest all funds in sweep accounts, money-market funds and similar short-term investments, provided that all such investments shall constitute Eligible Investments. The Trustee may trade with itself or its affiliates in the purchase and sale of securities for such investments.

Subject to any directions from the University with respect thereto, the Trustee may sell at the best price reasonably obtainable Project Fund investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. Any of those investments may be purchased from or sold to the Trustee, the Registrar, an Authenticating Agent, a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee will sell or redeem investments credited to the Debt Service Fund to produce sufficient moneys applicable under the Trust Agreement to and at the times required for the purposes of paying Debt Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the University and without restriction by reason of any order. An investment made from moneys credited to the Debt Service Fund and the

Project Fund will constitute part of that respective fund, and each respective fund will be credited with all proceeds of sale and income from investment of moneys credited thereto.

For purposes of qualifying any investment as an Eligible Investment, where such qualification is dependent upon the rating assigned to such investment by a Rating Service, such qualification will be determined as of the date of purchase of such investment or deposit thereof with the Trustee, whichever is later. (Section 4.15)

Revenue Fund

So long as any Obligations remain Outstanding, there shall be maintained a Revenue Fund, which, to the extent required by law, may be a fund (and accounts) in the Commonwealth's management administrative and reporting system. There shall be maintained in the Revenue Fund a "Student Registration Fees Account" and such additional accounts as the Board deems necessary. Until there are no bonds outstanding under the Prior Resolution, the "Revenue Fund" created pursuant to the Prior Resolution will continue to be maintained. The Student Registration Fees Account of the Revenue Fund shall constitute the "Revenue Fund" required to be maintained by the Prior Resolution, and all Student Registration Fees shall be deposited therein. (Section 4.16)

Maintenance of Pledge

The University will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the Debt Service Fund and, except for the existing pledges under the Prior Resolution, the University will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the General Receipts before or on a parity with the pledge thereof under the Trust Agreement, except as authorized or permitted under the Trust Agreement. The University will not issue any additional bonds or notes under the Prior Resolution. (Section 4.18)

Events of Default

Events of Default under the Trust Agreement include:

- (a) Failure to pay any Debt Service Charges when and as the same becomes due and payable;
- (b) Failure to pay the principal of or any premium on any Prior Obligations when and as the same becomes due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any mandatory sinking fund requirements;
- (c) Failure by the University to perform or observe any other covenant, agreement or condition on the part of the University contained in the Trust Agreement or in the Obligations, which failure or Event of Default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the University by the Trustee, specifying the failure or Event of Default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the Holders of not less than twenty-five percent in aggregate principal amount of the Obligations then Outstanding; provided that the Person or Persons requesting such notice may agree in writing to a 90-day extension of such period before the expiration of the initial 30-day period; provided further, however, that if the University will proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension up to 180 days as will be necessary to enable the University to diligently complete such curative action;
- (d) The University will (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property. (Section 6.01)

Supplemental Trust Agreements Not Requiring Consent of Holders

The University and the Trustee without the consent of, or notice to, any of the Holders, may enter into indentures supplemental to the Trust Agreement and other instruments evidencing the existence of a lien as shall not, in the opinion of the Trustee, be inconsistent with the terms and provisions of the Trust Agreement for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement or in any Supplemental Trust Agreement;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;
- (c) To subject additional revenues or property to the lien and pledge of the Trust Agreement;
- (d) To add to the covenants and agreements of the University contained in the Trust Agreement other covenants and agreements thereafter to be observed for the protection of the Holders, or, if in the judgment of the Trustee such is not to the prejudice of the Trustee or the Holders, to surrender or limit any right, power or authority reserved to or conferred upon the University in the Trust Agreement, including the limitation of rights of redemption so that in certain instances Obligations of different series will be redeemed in some prescribed relationship to one another;
- (e) To evidence any succession to the University and the assumption by such successor of the covenants and agreements of the University contained in the Trust Agreement or other instrument providing for the operation of the University or University Facilities, and the Obligations;
- (f) In connection with the issuance of Obligations in accordance with Sections 2.01 and 2.02 of the Trust Agreement;
- (g) To permit the Trustee to comply with any obligations imposed upon it by law;
- (h) To permit the exchange of Obligations, at the option of the Holder or Holders thereof, for coupon Obligations of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Obligations, bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of nationally recognized Bond Counsel selected by the University and acceptable to the Trustee, that exchange would not result in the interest on any of the Obligations Outstanding becoming subject to federal income taxation;
- (i) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents;
- (j) To achieve compliance of the Trust Agreement with any applicable federal or Kentucky laws, including tax laws;
- (k) To modify any provisions of the Trust Agreement in order to obtain a Credit Support Instrument or Interest Rate Hedge Agreement, so long as such modifications affect only the Obligations to which such Credit Support Instrument or Interest Rate Hedge Agreement relate; and
- (l) In connection with any other change to the Trust Agreement which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Holders of the Obligations.

The provisions of (g) and (j) above will not be deemed to constitute a waiver by the Trustee, the Registrar, the University or any Holder of any right which it may have in the absence of those provisions to consent to the application of any change in law to the Trust Agreement or the Obligations. (Section 7.01)

Supplemental Trust Agreements Requiring Consent of Holders

Exclusive of supplemental indentures referred to in Section 7.01 of the Trust Agreement and subject to the terms and provisions and limitations contained in this paragraph, and not otherwise, the Holders of a majority in aggregate principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained in the Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the University and the Trustee of such other indenture or indentures supplemental to the Trust Agreement as shall be deemed necessary and desirable by the University for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement; provided that nothing in this paragraph or in the Trust Agreement will permit, or be construed as permitting, a Supplemental Trust Agreement providing for (a)(i) a reduction in the percentage of Obligations the consent of the Holders of which are required to consent to such Supplemental Trust Agreement or (ii) a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Holders of all Obligations then Outstanding, (b) effect a change in the times, amount or currency of payment of the principal of, premium, if any, on or interest on any Obligation or a reduction in the principal amount or redemption price of any

Obligation or the rate of interest thereon, without the consent of the Holder of each such Obligation so affected or (c) modify the right of the Holders of not less than twenty-five percent in aggregate principal amount of the Obligations then Outstanding and in default as to payment of principal, premium or interest to compel the Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of a majority in aggregate principal amount of the Obligations then Outstanding.

If at any time the University request the Trustee to enter into any such Supplemental Trust Agreement for any of the purposes of Section 7.02 of the Trust Agreement, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the proposed execution of such Supplemental Trust Agreement to be mailed by first class mail, postage prepaid, to all Holders of Obligations then Outstanding at their addresses as they appear on the Registrar at the close of business on the Business Day immediately preceding that mailing. The Trustee will not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by the Trust Agreement, and any such failure shall not affect the validity of such Supplemental Trust Agreement when consented to and approved as provided in Section 7.02 of Trust Agreement. Such notice will briefly set forth the nature of the proposed Supplemental Trust Agreement and will state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Holders.

If within such period, not exceeding one year, as prescribed by the University, following the mailing of such notice, the Trustee receives an instrument or instruments purporting to be executed by the Holders of a majority in aggregate principal amount of the Obligations then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Trust Agreement described in such notice and will specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee will execute such Supplemental Trust Agreement in substantially such form; without liability or responsibility to any Holder of any Obligation, whether or not such Holder will have consented thereto.

Any such consent is binding upon the Holder of the Obligation giving such consent, upon any subsequent Holder of such Obligation and upon the Holder of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Trustee, before the execution by the Trustee of such Supplemental Trust Agreement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation in the manner permitted by Section 9.01 of the Trust Agreement. At any time after the Holders of the required percentage of the Obligations shall have filed their consents to the Supplemental Trust Agreement, the Trustee shall make and file with the University a written statement that the, Holders of such required percentage of the Obligations have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of the Obligations shall have consented to and approved the execution thereof as provided in the Trust Agreement, no Holder of any Obligation has any right to object to the execution of such Supplemental Trust Agreement, to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the University from executing the same or from taking any action pursuant to the provisions thereof.

Authorization to the Trustee; Effect of Supplemental Trust Agreements

The Trustee is authorized to join with the University in the execution of any such Supplemental Trust Agreement provided for in the Trust Agreement and to make the further agreements and stipulations which may be contained therein. Any Supplemental Trust Agreement executed in accordance with the provisions of the Trust Agreement will thereafter form a part of the Trust Agreement, all the terms and conditions contained in any such Supplemental Trust Agreement as to any provision authorized to be contained therein will be deemed to be part of the terms and conditions of the Trust Agreement for any and all purposes, the Trust Agreement will be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Agreement of the University, the Trustee, the Registrar, the Authenticating Agents, the Paying Agents and all Holders of Obligations then Outstanding will thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments. Express reference to such executed Supplemental Trust Agreement may be made in the text of any Obligations issued thereafter, if deemed necessary or desirable by the Trustee or the University. There will be no modification, change or amendment to the Trust Agreement or any other document related to the Obligations which affects the rights, duties or obligations of the Trustee thereunder, without the Trustee's prior written consent.

Opinion of Counsel

The Trustee is entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the University, as conclusive evidence that any such proposed Supplemental Trust Agreement complies with the provisions of the Trust Agreement and that it is proper for the Trustee, under the provisions of the Trust Agreement, to join in the execution of such Supplemental Trust Agreement. (Section 7.04)

Modification by Unanimous Consent

Notwithstanding anything contained elsewhere in the Trust Agreement, the rights and obligations of the University and of the Holders of the Obligations, and the terms and provisions of the Obligations and the Trust Agreement or any Supplemental Trust Agreement, may be modified or altered in any respect with the consent of the University and the consent of the Holders of all of the Obligations then Outstanding and the Trustee. (Section 7.05)

Release of Trust Agreement

If the University pays or cause to be paid and discharged, or there shall otherwise be paid to the Holders of the Outstanding Obligations all Debt Service Charges due or to become due thereon and provision shall also be made for paying all other sums payable under the Trust Agreement, then and in that event the Trust Agreement (except for Sections 4.02, 4.04, 4.05, 8.02 and 8.03 thereof) will cease, determine and become null and void, and the covenants, agreements, and other obligations of the University under the Trust Agreement are discharged and satisfied, and thereupon the Trustee will release the Trust Agreement, including the cancellation and discharge of the lien thereof, and execute and deliver to the University such instruments in writing as required to satisfy and terminate the lien thereof and to enter on the records such satisfaction and discharge and to re-convey to the University the estate created by the Trust Agreement and such other instruments to evidence such release and discharge as may be reasonably required by the University, and the Trustee and Paying Agents will assign and deliver to the University any property at the time subject to the lien of the Trust Agreement which may then be in their possession, except amounts in the Debt Service Fund required to be held by the Trustee and Paying Agents under Section 4.07 of the Trust Agreement or otherwise for the payment of Debt Service Charges. (Section 8.01)

Payment and Discharge of Obligations

All the Outstanding Obligations of one or more series will be deemed to have been paid and discharged within the meaning of the Trust Agreement, including without limitation, Section 8.01 of the Trust Agreement if either (i) the Trustee as paying agent and any Paying Agents are required to hold, in the Debt Service Payment Account in trust for and irrevocably committed thereto, sufficient moneys or (ii) the Trustee is required to hold, in the Debt Service Fund in trust for and irrevocably committed thereto, investments qualifying as Government Bonds as of the date of the determination required in Section 8.02 of the Trust Agreement which are, in either case, certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as provided in the Trust Agreement), be sufficient together with moneys referred to in clause (i) above, for the payment, at their maturity, redemption or due date, as the case may be, of all Debt Service Charges on those Obligations to their maturity, redemption or due date, as the case may be, or if Event of Default in such payment will have occurred on such date then to the date of the tender of such payment; provided that if any of such Obligations are to be redeemed before the maturity thereof, notice of such redemption will have been duly given or irrevocable provisions satisfactory to the Trustee have been duly made for the giving of such notice; provided that if the Obligations are to be redeemed before the maturity thereof, notice of such redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice. (Section 8.02)

Survival of Certain Provisions

Notwithstanding the foregoing, those provisions of a Series Resolution and the Trust Agreement relating to the maturity of Obligations, interest payments and dates thereof, optional and mandatory redemption provisions, credit against Mandatory Sinking Fund Requirements, exchange, transfer and registration of Obligations, replacement of mutilated, destroyed, lost or stolen Obligations, the safekeeping and cancellation of Obligations, non-presentment of Obligations, the holding of moneys in trust, repayments to the University from the Special Funds and the rights, remedies and duties of the Trustee and the Registrar in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee, the Registrar, the Authenticating Agent, Paying Agents and the Holders notwithstanding the release and discharge of the lien of the Trust Agreement. The provisions of the Article XIII of the Trust Agreement shall survive the release and discharge of the Trust Agreement. (Section 8.03)

Limitation of Rights

With the exception of rights expressly conferred in the Trust Agreement, nothing expressed or mentioned in or to be implied from the Trust Agreement or the Obligations is intended or shall be construed to give to any Person other than the parties to the Trust Agreement, the University, any Credit Support Provider and the Holders of the Obligations any legal or equitable right, remedy or claim under or in respect to the Trust Agreement or any covenants, conditions and provisions in contained in the Trust Agreement; the Trust Agreement and all of the covenants, conditions and provisions of the Trust Agreement being intended to be and being for the sole and exclusive benefit of the parties hereto, the University, any Credit Support Provider and the Holders of the Obligations as provided in the Trust Agreement. (Section 9.02)

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WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX D-1

FORM OF BOND COUNSEL OPINION
FOR THE 2024 SERIES A BONDS

Upon delivery of the 2024 Series A Bonds, Dinsmore & Shohl LLP, Bond Counsel to the University, proposes to issue its approving opinion in substantially the following form, dated the date of such delivery.

[Date of Delivery]

Western Kentucky University
Bowling Green, Kentucky

Re: \$34,240,000* Western Kentucky University General Receipts Bonds, 2024 Series A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Western Kentucky University, a public body corporate and educational institution and agency of the Commonwealth of Kentucky (the “University”), of the Western Kentucky University General Receipts Bonds, 2024 Series A (the “2024 Series A Bonds”) in accordance with (i) Sections 162.340 to 162.380 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes, as amended (collectively, the “Act”); a resolution of the Board of Regents of the University (the “Board”) dated November 2, 2006 (the “General Bond Resolution”), as amended and supplemented, including as amended and supplemented by a resolution of the Board dated August 9, 2024 (the “Series Resolution,” and, together with the General Bond Resolution, the “Bond Resolution”); and (iii) a Trust Agreement dated as of December 1, 2006 (the “Original Trust Agreement”), by and between the University and U.S. Bank Trust Company, as successor-in-interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by a Thirteenth Supplemental Trust Agreement dated as of December 1, 2024 (the “Supplemental Trust Agreement,” and, together with the Original Trust Agreement, the “Trust Agreement”), for the purposes of financing a portion of the costs of (a) all or a portion of the costs of the acquisition, construction, installation, and equipping of (i) the project identified in H.B. 1 of the 2022 Regular Session of the General Assembly of the Commonwealth of Kentucky (the “Kentucky General Assembly”), as enacted and vetoed in part, and as reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct New Gordon Ford College of Business”; (ii) the project identified in H.B. 352 of the 2020 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as reauthorized by H.B. 1 of the 2022 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as additionally reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct, Renovate, and Improve Athletics Facilities” (collectively, the “Project”); and (b) the costs of issuance of the 2024 Series A Bonds. We have examined the law and the transcript of proceedings under which the Bonds have been authorized and issued, and such other matters as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the opinion of General Counsel to the University, representations of the University contained in the Bond Resolution and the Trust Agreement and in the transcript of proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The University is a duly created and validly existing public body corporate and educational institution and agency of the Commonwealth of Kentucky, with full power to adopt the Bond Resolution, to perform the agreements on its part contained therein and in the Trust Agreement, and to issue the 2024 Series A Bonds.
2. The General Bond Resolution and the Series Resolution have been duly adopted by the University and constitute valid and binding obligations of the University enforceable upon the University.
3. The Original Trust Agreement and the Supplemental Trust Agreement have been duly authorized, executed, and delivered by the University and are each valid and binding obligations of the University, enforceable in accordance with their respective terms.
4. The 2024 Series A Bonds have been duly authorized, executed, and delivered by the University and constitute valid and binding obligations of the University payable solely from the sources provided therefore in the Bond Resolution and the Trust Agreement.

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

5. The 2024 Series A Bonds and any additional Obligations, as defined in the Original Trust Agreement, heretofore and hereafter issued and outstanding under the terms of the Trust Agreement are and will be payable from the General Receipts, as defined in the Original Trust Agreement, which have been pledged thereunder as provided in the Trust Agreement.

6. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, on the 2024 Series A Bonds is excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the 2024 Series A Bonds will not be treated as a specific item of tax preference in computing the federal alternative minimum tax imposed on individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the 2024 Series A Bonds.

7. Interest on the 2024 Series A Bonds is exempt from income taxation and the 2024 Series A Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

8. The University has not designated the 2024 Series A Bonds as “qualified tax-exempt obligations” pursuant to Section 265 of the Code.

It is to be understood that the rights of the owners of the 2024 Series A Bonds and the enforceability of the 2024 Series A Bonds, the Bond Resolution, and the Trust Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and to the exercise of judicial discretion in accordance with general equitable principles.

Sincerely,

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX D-2

FORM OF BOND COUNSEL OPINION
FOR THE 2024 SERIES B BONDS

Upon delivery of the 2024 Series B Bonds, Dinsmore & Shohl LLP, Bond Counsel to the University, proposes to issue its approving opinion in substantially the following form, dated the date of such delivery.

[Date of Delivery]

Western Kentucky University
Bowling Green, Kentucky

Re: \$6,265,000* Western Kentucky University General Receipts Refunding Bonds, 2024 Series B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Western Kentucky University, a public body corporate and educational institution and agency of the Commonwealth of Kentucky (the "University"), of the Western Kentucky University General Receipts Refunding Bonds, 2024 Series B (the "2024 Series B Bonds") in accordance with (i) Sections 162.340 to 162.380 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes, as amended (collectively, the "Act"); a resolution of the Board of Regents of the University (the "Board") dated November 2, 2006 (the "General Bond Resolution"), as amended and supplemented, including as amended and supplemented by a resolution of the Board dated August 9, 2024 (the "Series Resolution," and, together with the General Bond Resolution, the "Bond Resolution"); and (iii) a Trust Agreement dated as of December 1, 2006 (the "Original Trust Agreement"), by and between the University and U.S. Bank Trust Company, as successor-in-interest to U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented, including as amended and supplemented by a Thirteenth Supplemental Trust Agreement dated as of December 1, 2024 (the "Supplemental Trust Agreement," and, together with the Original Trust Agreement, the "Trust Agreement"), for the purposes of (a) currently refunding the outstanding Western Kentucky University General Receipts Bonds, 2012 Series A dated June 6, 2012 maturing on and after May 1, 2030 (the "Prior Bonds"), the proceeds of which financed a portion of the costs of the acquisition, construction, installation, and equipping of the Renovate Downing University Center Project; and (b) paying all or a portion of the costs of issuance of the 2024 Series B Bonds. We have examined the law and the transcript of proceedings under which the Bonds have been authorized and issued, and such other matters as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the opinion of General Counsel to the University, representations of the University contained in the Bond Resolution and the Trust Agreement and in the transcript of proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The University is a duly created and validly existing public body corporate and educational institution and agency of the Commonwealth of Kentucky, with full power to adopt the Bond Resolution, to perform the agreements on its part contained therein and in the Trust Agreement, and to issue the 2024 Series B Bonds.
2. The General Bond Resolution and the Series Resolution have been duly adopted by the University and constitute valid and binding obligations of the University enforceable upon the University.
3. The Original Trust Agreement and the Supplemental Trust Agreement have been duly authorized, executed, and delivered by the University and are each valid and binding obligations of the University, enforceable in accordance with their respective terms.
4. The 2024 Series B Bonds have been duly authorized, executed, and delivered by the University and constitute valid and binding obligations of the University payable solely from the sources provided therefore in the Bond Resolution and the Trust Agreement.
5. The 2024 Series B Bonds and any additional Obligations, as defined in the Original Trust Agreement, heretofore and hereafter issued and outstanding under the terms of the Trust Agreement are and will be payable from the General Receipts, as defined in the Original Trust Agreement, which have been pledged thereunder as provided in the Trust Agreement.

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

6. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, on the 2024 Series B Bonds is excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the 2024 Series B Bonds will not be treated as a specific item of tax preference in computing the federal alternative minimum tax imposed on individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the 2024 Series B Bonds.

7. Interest on the 2024 Series B Bonds is exempt from income taxation and the 2024 Series B Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

8. The University has not designated the 2024 Series B Bonds as “qualified tax-exempt obligations” pursuant to Section 265 of the Code.

It is to be understood that the rights of the owners of the 2024 Series B Bonds and the enforceability of the 2024 Series B Bonds, the Bond Resolution, and the Trust Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and to the exercise of judicial discretion in accordance with general equitable principles.

Sincerely,

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX E
BOOK-ENTRY-ONLY SYSTEM

The 2024 Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of 2024 Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each actual purchaser of each 2024 Bond (a “Beneficial Owner”) will not be or be considered to be, and will not have any rights as, owner or holder of the 2024 Bonds under the Trust Agreement.

The following information about the book-entry-only system applicable to the 2024 Bonds has been supplied by DTC. Neither the University nor the Trustee makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the 2024 Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2024 Bonds certificate will be issued for in the aggregate principal amount of the 2024 Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered 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 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 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 2024 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 2024 Bonds, except if use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 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 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2024 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 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2024 Bond documents. For example, Beneficial Owners of 2024 Bonds may wish to ascertain that the nominee holding the 2024 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2024 Bonds 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 2024 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 University 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 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2024 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 University or the Trustee, 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 2024 Bonds 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 Trustee, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or the Trustee, 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 2024 Bonds at any time by giving reasonable notice to the University or the Trustee. Under such circumstances, if a successor depository is not obtained, 2024 Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2024 Bond certificates will be printed and delivered.

NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY 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 TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE 2024 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED 2024 BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE 2024 BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2024 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the 2024 Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender 2024 Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the 2024 Bonds.

The University cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the 2024 Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

Certain duties of DTC and procedures to be followed by DTC and the Trustee are set forth in DTC's operational arrangements (the "Operational Arrangements"). In the event of any conflict between the provisions of the Indenture and the provisions of the Operational Arrangements relating to the payment of the principal of, premium, if any, and interest on the 2024 Bonds and all notices with respect to the 2024 Bonds, the provisions of the Operational Arrangements shall control. The University has executed a blanket letter of representations enabling the 2024 Bonds to be eligible for DTC's book-entry only system.

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

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Relating to:

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

Dated as of December 19, 2024

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THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is made and entered into as of [Closing Date], between U.S. Bank Trust Company, National Association, as disclosure agent (the “Disclosure Agent”) and Western Kentucky University (the “Issuer”).

RECITALS

WHEREAS, the Issuer has issued or will issue its Western Kentucky University General Receipts Bonds, 2024 Series A (the “2024 Series A Bonds”) and Western Kentucky University General Receipts Refunding Bonds, 2024 Series B (the “2024 Series B Bonds”) and, together with the 2024 Series A Bonds, the “2024 Bonds”) pursuant to a resolution of the Board of Regents of the University (the “Board”) dated November 2, 2006 (the “General Bond Resolution”), as amended and supplemented, including as amended and supplemented by a resolution of the Board dated August 9, 2024 (the “Series Resolution,” and, together with the General Bond Resolution, the “Bond Resolution”); and a Trust Agreement dated as of December 1, 2006 (the “Original Trust Agreement”), by and between the University and U.S. Bank Trust Company, as successor-in-interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by a Thirteenth Supplemental Trust Agreement dated as of December 1, 2024 (the “Supplemental Trust Agreement,” and, together with the Original Trust Agreement, the “Trust Agreement”); and

WHEREAS, proceeds of the 2024 Series A Bonds will be used by the University to finance (a) all or a portion of the costs of the acquisition, construction, installation, and equipping of (i) the project identified in H.B. 1 of the 2022 Regular Session of the General Assembly of the Commonwealth of Kentucky (the “Kentucky General Assembly”), as enacted and vetoed in part, and as reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct New Gordon Ford College of Business”; (ii) the project identified in H.B. 352 of the 2020 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as reauthorized by H.B. 1 of the 2022 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as additionally reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct, Renovate, and Improve Athletics Facilities” (collectively, the “Project”); (b) all or a portion of the costs of issuance of the 2024 Series A Bonds; and

WHEREAS, proceeds of the 2024 Series B Bonds will be used by the University to (a) currently refund the outstanding Western Kentucky University General Receipts Bonds, 2012 Series A dated June 6, 2012 maturing on and after May 1, 2030 (the “Prior Bonds”), the proceeds of which financed a portion of the costs of the acquisition, construction, installation, and equipping of the Renovate Downing University Center Project; and (b) pay all or a portion of the costs of issuance of the 2024 Series B Bonds; and

WHEREAS, the 2024 Bonds have been offered and sold pursuant to a Preliminary Official Statement, dated November 27, 2024, and a final Official Statement, dated December 5, 2024 (the “Offering Document”); and (i) [Series A Underwriter Name] has agreed to purchase the 2024 Series A Bonds based on its competitive bid pursuant to the Issuer’s Notice of Bond Sale as to the 2024 Series A Bonds (the “Series A Original Purchaser”); and (ii) [Series B Underwriter Name] has agreed to purchase the 2024 Series A Bonds based on its competitive bid pursuant to the Issuer’s Notice of Bond Sale as to the 2024 Series B Bonds (the “Series B Original Purchaser” and, together with the Series A Original Purchaser, the “Original Purchasers”); and

WHEREAS, the Disclosure Agent and the Issuer, wish to provide for the disclosure of certain information concerning the 2024 Bonds and other matters on an ongoing basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (“Rule 15c2-12”);

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Trust Agreement, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions: Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Trust Agreement. Notwithstanding the foregoing, the term “Disclosure Agent” shall originally mean U.S. Bank Trust Company, National Association, having offices in Louisville, Kentucky; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean a copy of the annual audited financial information prepared for the Issuer which shall include, if prepared, a statement of net assets, and the related statements of revenues, expenses and changes in net assets and of cash flows. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as

information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Issuer, the Board or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2024 Bonds (including persons holding 2024 Bonds through nominees, depositories or other intermediaries).

"Bondholders" shall mean any holder of the 2024 Bonds and any Beneficial Owner thereof.

"Event" shall mean any of the following events with respect to the 2024 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of 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 security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of the event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Obligated Person.
- (xiii) The consummation of a merger, consolidation or acquisition involving an Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, 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;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of either of the foregoing. The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Operating Data” shall mean an update of the information generally consistent with the tables and numerical data contained in Appendix A to the Offering Document under the headings [_____]” provided, however, that any such update shall exclude all narration included under such headings.

“Participating Underwriter” shall mean any of the original underwriters of the 2024 Bonds required to comply with Rule 15c2-12 in connection with the offering of the 2024 Bonds.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the Commonwealth of Kentucky.

“Turn Around Period” shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Issuer to the Disclosure Agent; (ii) in a timely manner, but within ten (10) business days, with respect to Event occurrences disclosed by the Issuer to the Disclosure Agent; or (iii) two (2) business days with respect to the failure, on the part of the Issuer, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Issuer of such failure, or upon the Disclosure Agent’s actual knowledge of such failure.

(B) This Agreement applies to the 2024 Bonds and any Additional Bonds issued under the Trust Agreement.

(C) The Disclosure Agent shall have no obligation to make disclosure about the 2024 Bonds or the Project except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Agent, as Paying Agent, under the Trust Agreement. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer, apart from the relationship created by the Trust Agreement, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except in its capacity as Paying Agent under the Trust Agreement or except as may be provided by written notice from the Issuer.

Section 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Issuer’s direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting not as Paying Agent but as the Issuer’s agent.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Issuer shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 270 days following the end of each fiscal year, beginning with the fiscal year ending [June 30, 2024] and continuing with each fiscal year thereafter, for which the information is provided, taking into account the Turn Around Period, and, in addition, all information with respect to the 2024 Bonds required to be disseminated by the Trustee pursuant to the Trust Agreement.

(2) Events Notices. Notice of the occurrence of an Event, in a timely manner, within ten business days of the occurrence of the Event.

(3) Failure to Provide Annual Financial Information. Notice of the failure of Issuer to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Issuer directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Issuer’s agent in so making public, the following:

- (a) the Annual Financial Information and Operating Data;
- (b) Event occurrences;

- (c) the notices of failure to provide information which the Issuer has agreed to make public pursuant to subsection (B)(3) of this Section 2;
 - (d) such other information as the Issuer shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Issuer chooses to include any information in any Annual Financial Information report or in any notice of occurrence of an Event, in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of an Event; and
- (2) The information which the Issuer has agreed to make public shall be in the following form:
- (a) as to all notices, reports and financial statements to be provided to the Disclosure Agent by the Issuer, in the form required by the Trust Agreement or other applicable document or agreement; and
 - (b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Event occurrences and the failure to provide the Annual Financial Information and Operating Data within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data, and Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding 2024 Bonds, if required in the Trust Agreement, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

- (1) Information shall be deemed to be made public by the Issuer or the Disclosure Agent under this Section if it is transmitted to one or more of the following as provided in subsection (D)(2) of this Section 2:
- (a) to the Bondholders of outstanding 2024 Bonds, by the method prescribed by the Trust Agreement;
 - (b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB; or;
 - (c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Agent is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Disclosure Agent, the Issuer and the SEC.
- (2) Information shall be transmitted to the following:
- (a) all Annual Financial Information and Operating Data shall be transmitted to the MSRB;
 - (b) notice of all Events, and notice of a failure by the Issuer to provide Annual Financial Information on or before the date specified in Section 2(B)(1) hereof, shall be transmitted to the MSRB;
 - (c) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request; and
 - (d) to the extent the Issuer is obligated to file any Annual Financial Information or Operating Data with the MSRB pursuant to this Agreement, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be

included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

Nothing in this subsection shall be construed to relieve the Disclosure Agent, as Trustee, of its obligation to provide notices to the holders of all 2024 Bonds if such notice is required by the Trust Agreement.

With respect to requests for periodic or occurrence information from Bondholders, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Issuer for response.

(E) Disclosure Agent Compensation. The Issuer shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement.

(F) Indemnification of Disclosure Agent. In addition to any and all rights of the Disclosure Agent to reimbursement, indemnification and other rights pursuant to the Trust Agreement or under law or equity, the Issuer shall, to the extent permitted by law, indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Issuer shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Agent and payment of the 2024 Bonds.

Section 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Issuer and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any reasonable amendment requested by the Issuer) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate Rule 15c2-12 if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of Rule 15c2-12 as well as any change in circumstance.

Section 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the 2024 Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the 2024 Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Issuer, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders of the 2024 Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the 2024 Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may (and, at the request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding 2024 Bonds, the non-defaulting party shall), enforce the obligations of the defaulting party under this Agreement; provided, however, the sole remedy available in any proceeding to enforce this Agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Issuer, the Disclosure Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

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

Section 6. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Western Kentucky University Division of Strategy, Operations and Finance 1906 College Heights Boulevard, Potter Hall 445 Bowling Green, Kentucky 42101 Telephone: (270) 745-2434
To the Disclosure Agent:	U.S. Bank, National Association 435 North Whittington Parkway Louisville, Kentucky 40222 Attention: Corporate Trust Department Telephone/Fax: (502) 562-6436/(502) 562-6371

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

[Signature page to follow]

SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT

IN WITNESS WHEREOF, the Disclosure Agent and the Issuer have each caused their duly authorized officers to execute this Agreement, as of the day and year first above written.

WESTERN KENTUCKY UNIVERSITY, the Issuer

By: _____
Treasurer

U.S. BANK, NATIONAL ASSOCIATION, the Disclosure Agent

By: _____
Title: _____

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX G
FORM OF OFFICIAL TERMS AND CONDITIONS
FOR THE 2024 SERIES A BONDS

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

Re: \$34,240,000* Western Kentucky University General Receipts Bonds, 2024 Series A

The University Controller/Treasurer of Western Kentucky University (the “University”) will until December 5, 2024, at 11:00 EST prevailing time, receive in the Office of the President, College Heights Boulevard, Bowling Green, Kentucky 42101, sealed, competitive bids for the purchase of the above-identified Bonds (the “2024 Series A Bonds”). To be considered, a bid for the purchase of the 2024 Series A Bonds must be submitted on an Official Bid Form and must be delivered to such office no later than the date and hour indicated. Electronic bids may also be received via BiDCOMP™/PARITY™, as described below. Proposals for the purchase of the 2024 Series A Bonds will be considered by the University Controller/Treasurer and a decision regarding the acceptance will be made by the University Controller/Treasurer on that date.

DESCRIPTION AND MATURITIES OF 2024 SERIES A BONDS

The 2024 Series A Bonds will be issued only as fully registered bonds in denominations of \$5,000 principal amount or any multiple of \$5,000 within a single maturity (as designated by the Purchaser), will bear interest payable semiannually on March 1 and September 1, commencing March 1, 2025, and will mature on the years and in the principal amounts, as follows:

Maturity	Amount*
September 1, 2025	\$1,245,000
September 1, 2026	1,280,000
September 1, 2027	1,320,000
September 1, 2028	1,350,000
September 1, 2029	1,390,000
September 1, 2030	1,430,000
September 1, 2031	1,480,000
September 1, 2032	1,525,000
September 1, 2033	1,570,000
September 1, 2034	1,625,000
September 1, 2035	1,685,000
September 1, 2036	1,745,000
September 1, 2037	1,810,000
September 1, 2038	1,880,000
September 1, 2039	1,945,000
September 1, 2040	2,025,000
September 1, 2041	2,105,000
September 1, 2042	2,185,000
September 1, 2043	2,275,000
September 1, 2044	2,370,000

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2024 Series A Bonds. The 2024 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered 2024 Series A Bond certificate will be issued for each maturity of the 2024 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

Purchases of the 2024 Series A Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the “Direct Participants”), which will receive a credit for the 2024 Series A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 Series A Bond (a “Beneficial Owner”) is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the “Indirect Participants”). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are 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 2024 Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

* Preliminary, subject to change.

certificates representing their ownership interests in the 2024 Series A Bonds, except if use of the book-entry system for the 2024 Series A Bonds is discontinued.

The 2024 Series A Bonds shall be lettered and numbered from R-1 upward, or such numbering shall be made in such other appropriate manner as may be determined by U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Trustee and Paying Agent.

The person in whose name any 2024 Series A Bond is registered on the Record Date (February 15 or August 15) with respect to an interest payment date shall be entitled to receive the interest payable on such interest payment date.

AUTHORITY AND PURPOSE OF 2024 SERIES A BONDS

These 2024 Series A Bonds are issued in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.340 to 162.380 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes, and pursuant to the terms of (i) a resolution of the Board of Regents of the University (the “Board”) dated November 2, 2006 (the “General Bond Resolution”), as amended and supplemented, including as amended and supplemented by a resolution of the Board dated August 9, 2024 (the “Series Resolution,” and, together with the General Bond Resolution, the “Bond Resolution”); and (ii) a Trust Agreement dated as of December 1, 2006 (the “Original Trust Agreement”), by and between the University and U.S. Bank Trust Company, National Association as successor-in-interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by a Thirteenth Supplemental Trust Agreement dated as of December 1, 2024 (the “Supplemental Trust Agreement,” and, together with the Original Trust Agreement, the “Trust Agreement”).

The proceeds of the 2024 Series A Bonds will be used by the University to finance (a) all or a portion of the costs of the acquisition, construction, installation, and equipping of (i) the project identified in H.B. 1 of the 2022 Regular Session of the General Assembly of the Commonwealth of Kentucky (the “Kentucky General Assembly”), as enacted and vetoed in part, and as reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct New Gordon Ford College of Business”; (ii) the project identified in H.B. 352 of the 2020 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as reauthorized by H.B. 1 of the 2022 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, and as additionally reauthorized by H.B. 6 of the 2024 Regular Session of the Kentucky General Assembly, as enacted and vetoed in part, as “Construct, Renovate, and Improve Athletics Facilities” (collectively, the “Project”); (b) all or a portion of the costs of issuance of the 2024 Series A Bonds.

SECURITY

Each 2024 Series A Bond is an “Obligation” under the Trust Agreement and the University has pledged its General Receipts as security for its payment obligations thereunder. “General Receipts” are defined in the Trust Agreement and further described in the Preliminary Official Statement.

If the University fails to make timely payment of any 2024 Series A Bond, the Secretary of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the “Cabinet”) is obligated, pursuant to KRS 164A.608, to apply to such payment, any funds that have been appropriated to the University that have not yet been disbursed. Payments due on the 2024 Series A Bonds are required to be deposited with the Trustee at least ten days before their due date. If the amount required to pay debt service is not on deposit by that date, the Trustee is obligated under the Trust Agreement to immediately notify the Secretary of the Cabinet of the default in payment. Under KRS 164A.608, the Secretary of the Cabinet is required, within five days of the default, to remit the amount required to pay the amount due on any 2024 Series A Bond to the Trustee from those undisbursed funds.

BIDDING CONDITIONS AND RESTRICTIONS

The public offering of the 2024 Series A Bonds is made up on the following specific conditions and provisions:

- A. Bidders are required to bid for the entire issue of 2024 Series A Bonds at a minimum price of not less than \$33,555,200 (98.00% of par), payable in Federal Funds.
- B. The determination of the best bid will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the 2024 Series A Bonds (compounded semi-annually from the date of the 2024 Series A Bonds), produces an amount equal to the purchase price of the 2024 Series A Bonds, as set forth in the Official Bid Form, for exactly \$34,240,000 of 2024 Series A Bonds offered for sale hereunder. Upon determination of the lowest true interest rate, the University

Controller/Treasurer shall immediately proceed to adjust such principal amounts of the 2024 Series A Bonds to determine the maturities of its final bond issue. The successful bidder will be required to accept the final 2024 Series A Bonds in the amounts so computed, whether the principal amount has been increased by up to ten percent (10%) or decreased in an amount deemed by the University to be in its best interest (the "Permitted Adjustment") and to pay the percentage purchase price based upon the aggregate amount of the final bond issue.

While it is the University's intention to sell and issue the approximate par amounts of the 2024 Series A Bonds as set forth herein, there is no guarantee that adjustments or revisions may not be necessary in order to properly size the 2024 Series A Bonds. Among other factors the University may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the 2024 Series A Bonds, is the size of individual maturities or sinking fund installments, assuring level debt service, or other preferences of the University.

If the principal amount of any maturity of the 2024 Series A Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter's Discount on the 2024 Series A Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the 2024 Series A Bonds submitted by the bidder and the price at which the 2024 Series A Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the 2024 Series A Bonds bid.

The successful bidder for the 2024 Series A Bonds will be notified by no later than 5:00 p.m. (Eastern Standard Time), on the sale date of the exact revisions and/or adjustment required, if any.

- C. Bidders must state an interest rate or rates in multiples of 1/8 or 1/20 of 1%, or both. The interest rate for any maturity cannot exceed 5.0%, and which may be on an ascending or descending scale.
- D. There is no limit on the number of different rates which may be specified in any bid.
- E. All 2024 Series A Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.
- F. Bidders may require that a portion of the 2024 Series A Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that such Term Bonds will be subject to mandatory redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on September 1 of the years and in the principal amounts set forth in the maturity schedule above.
- G. The right to reject bids for any reason deemed advisable by the University Controller/Treasurer and the right to waive any possible informalities, irregularities, or defects in any bid which, in the judgment of the University Controller/Treasurer, with the advice of the Municipal Advisor, shall be minor or immaterial, is expressly reserved.

The University expressly reserves the right, upon 24 hours prior notice given by electronic means through BiDCOMP™/PARITY™ to withdraw its request for bids on the 2024 Series A Bonds if the University determines, in its sole discretion, before the presently established date of sale, that the economic requirements of the University with respect to the plan of finance will not be achieved. Upon any such withdrawal of requests for bids for the 2024 Series A Bonds, the University reserves the right, upon 48 hours' notice given by electronic means through BiDCOMP™/PARITY™, to request receipt of new bids for the 2024 Series A Bonds. Bidders are further advised that if the foregoing determination is made by the University and an insufficient time remains to give required notice of the withdrawal of the sale of any or all of the 2024 Series A Bonds, the right is specifically reserved in the University to reject all bids for the 2024 Series A Bonds and, upon 48 hours' notice given by electronic means through BiDCOMP™/PARITY™, to request receipt of new bids for the 2024 Series A Bonds.

- H. Bids must be made on forms which, together with the Preliminary Official Statement, may be obtained from the Municipal Advisor, Robert W. Baird & Co. Incorporated, at 500 West Jefferson Street, Suite 2600, Louisville, Kentucky 40202, (502) 588-8476. Bids must be enclosed in sealed envelopes marked "Bid for Western Kentucky University General Receipts Bonds, 2024 Series A," and bids must be received by the University Controller/Treasurer before the date and hour set for the sale. It is also possible to submit a bid by the delivery (including by facsimile) of a signed bid form to the Municipal Advisor or the University Controller/Treasurer before the sale and completing the bid by telephone before the deadline for submitting bids. Alternatively, electronic bids for the 2024 Series A Bonds may be submitted through BiDCOMP™/PARITY™ system and no other provider of

electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid. The University 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 the Official Terms and Conditions of Bond Sale, this 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 shall be binding upon the bidders as if made by signed, sealed written bids delivered to the University. The University 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 is at the sole risk of the prospective bidders.

- I. Bids need not be accompanied by a certified or bank cashier's good faith check. The successful purchaser shall be required (without further advice from the University) to wire transfer an amount equal to 2% of the principal amount of the 2024 Series A Bonds awarded to the Trustee and Paying Agent, by the close of business on the day following the award as a good faith deposit and the amount will be applied (without interest) to the purchase price upon delivery. The good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such 2024 Series A Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the 2024 Series A Bonds. The successful bidder shall not be required to take up and pay for the 2024 Series A Bonds unless delivery is made within forty-five days from the date the bid is accepted.
- J. The purchasers of the 2024 Series A Bonds shall pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the 2024 Series A Bonds at no expense or cost to the purchasers. Neither the failure to print a CUSIP number on any 2024 Series A Bond or any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and pay for the 2024 Series A Bonds.
- K. Delivery will be made at the Depository Trust Company, New York, New York, at no additional cost or expense to the purchasers. The University will pay for the printing of the 2024 Series A Bonds, which will contain the opinion of Bond Counsel. Delivery is expected on December 19, 2024.
- L. If the 2024 Series A Bonds are not ready for delivery and payment within forty-five days from the date of sale herein provided for, the purchasers shall be relieved of any liability to accept the 2024 Series A Bonds hereunder. However, it is contemplated that the 2024 Series A Bonds will be delivered on a date during such period as may be designated by representatives of the University, and the purchasers will be required to accept delivery of and pay for the 2024 Series A Bonds on any designated date within such forty-five day period upon notice being given at least five business days before the designated delivery date.
- M. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal or interest on the Bonds, the University agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the University shall not be liable to any extent therefor. The University has applied for a rating on the 2024 Series A Bonds from Moody's Investors Service, Inc. and will pay the fees associated therewith.
- N. The winning bidder for the 2024 Series A Bonds shall assist the University in establishing the issue price of the 2024 Series A Bonds and shall execute and deliver to the University at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2024 Series A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the University and Bond Counsel. All actions to be taken by the University under these Official Terms and Conditions of Bond Sale to establish the issue price of the 2024 Series A Bonds may be taken on behalf of the University by the Municipal Advisor to the University identified herein and any notice or report to be provided to the University shall be provided to the University's Municipal Advisor.

The University intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2024 Series A Bonds) will apply to the initial sale of the 2024 Series A Bonds (the “competitive sale requirements”) because:

- (1) the University shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the University may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the University anticipates awarding the 2024 Series A Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid submitted pursuant to this these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the 2024 Series A Bonds, as specified in the bid.

- O. If the competitive sale requirements are not satisfied, the University shall so advise the winning bidder. The University may determine to treat (i) the first price at which 10% of a maturity of the 2024 Series A Bonds (the “10% test”), is sold to the public as the issue price of that maturity of that Series And/or (ii) the initial offering price to the public as of the sale date of any maturity of the 2024 Series A 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 winning bidder shall advise the University if any maturity of the 2024 Series A Bonds satisfies the 10% test as of the date and time of the award of the 2024 Series A Bonds. The University shall promptly advise the winning bidder, at or before the time of award of the 2024 Series A Bonds which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the 2024 Series A Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation if the University determines to apply the hold-the-offering-price rule to any maturity of the 2024 Series A Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the 2024 Series A Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2024 Series A Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the 2024 Series A Bonds shall assist the University in establishing the issue price of the 2024 Series A Bonds and shall execute and deliver to the University at Closing an “issue price” or similar certificate setting forth (i) the 10% test as the issue price of that maturity and/or (ii) the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the University and Bond Counsel.

- P. By submitting a bid, the applicable winning bidder shall (i) confirm that the underwriters have offered or will offer the 2024 Series A Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by such winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the 2024 Series A Bonds, that the underwriters will neither offer nor sell unsold 2024 Series A Bonds of any maturity 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: (i) the close of the fifth business day after the sale date; or (ii) the date on which the underwriters have sold at least 10% of that maturity of the 2024 Series A 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 University when the underwriters have sold 10% of that maturity of the 2024 Series A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs before the close of the fifth business day after the sale date.

- Q. If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the 2024 Series A Bonds, the applicable winning bidder agrees to promptly report to the University the prices at

which the unsold 2024 Series A Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2024 Series A Bonds of that maturity or until all 2024 Series A Bonds of that maturity have been sold.

- R. The University acknowledges that, in making the representations set forth above, the applicable 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 2024 Series A 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) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2024 Series A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The University further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2024 Series A Bonds.
- S. 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 2024 Series A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold 2024 Series A Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the 2024 Series A Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the 2024 Series A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2024 Series A Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold 2024 Series A Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the 2024 Series A Bonds of that maturity or all 2024 Series A Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.
- T. Sales of any 2024 Series A Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of these Official Terms and Conditions of Bond Sale. Further, for purposes of these 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 that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Series A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2024 Series A 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 2024 Series A Bonds to the public);
 - (iii) a purchaser of any of the 2024 Series A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other

entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means December 5, 2024.

U. Bidders are advised that Robert W. Baird & Co. Incorporated, has been employed as the University’s independent registered municipal advisor in connection with the issuance of the 2024 Series A Bonds. Their fee for services rendered with respect to the sale of the 2024 Series A Bonds is contingent upon the issuance and delivery of the 2024 Series A Bonds.

The University has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12, as amended and interpreted from time to time (“Rule 15c2-12”) promulgated by the Securities and Exchange Commission (the “Commission”), (i) on or before 270 days after the end of each fiscal year, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained in the Official Statement, and (ii) timely notice of the occurrence of certain events with respect to the 2024 Series A Bonds.

In the past five years, the University has filed Annual Financial Information and Operating Data, each as defined in its prior disclosure agreements (which are similar to the form of Continuing Disclosure Agreement set forth in the Preliminary Official Statement). Information regarding continuing disclosure filings of the University is available at <http://www.emma.msrb.org>, reference “Western Kentucky University.” The University has established procedures to assure future compliance with its continuing disclosure obligations.

The purchaser’s obligation to purchase the 2024 Series A Bonds shall be conditioned upon its receiving, at or before the delivery of the 2024 Series A Bonds, in form and substance reasonably satisfactory to the purchaser, evidence that the University has made the continuing disclosure undertaking set forth above for the benefit of the holders of the 2024 Series A Bonds.

The University shall provide to the successful purchaser a final Official Statement in accordance with Rule 15c2-12. Arrangements have been made with the printer, upon submission of completion text, to print a reasonable quantity of final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements, which Official Statements will be provided at the expense of the University.

The University will furnish to the purchasers the customary No Litigation Certificate and the final, approving Legal Opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, without expense to the purchasers.

Concurrently with the delivery of the 2024 Series A Bonds, the University Controller/Treasurer will certify that, to the best of her knowledge, the Official Statement did not, as of its date, and does not, as of the date of delivery of the 2024 Series A Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect.

TAX EXEMPTION

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2024 Series A Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”), and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024 Series A Bonds. The University has covenanted to comply with certain restrictions designed to ensure that interest on the 2024 Series A Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the 2024 Series A Bonds being includable in gross income for federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2024 Series A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2024 Series A Bonds may adversely affect the tax status of the interest on the 2024 Series A Bonds.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including without limitation defeasance of the 2024 Series A Bonds) may be taken or omitted under the

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

[In case of receipt of at least three qualified bids for the 2024 Series A Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

Dated December 19, 2024

Re: \$34,240,000* Western Kentucky University General Receipts Bonds, 2024 Series A

The undersigned, on behalf of [Name of Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “2024 Series A Bonds”).

1. Reasonably Expected Initial Offering Price.
 - (a) As of the Sale Date, the reasonably expected initial offering prices of the 2024 Series A Bonds to the Public by [Short Name of Underwriter] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the 2024 Series A Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the 2024 Series A Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the 2024 Series A Bonds.
 - (b) [Short Name of Underwriter] was not given the opportunity to review other bids before submitting its bid.
 - (c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the 2024 Series A Bonds.
2. CUSIP Number. The CUSIP number assigned to the final maturity of the 2024 Series A Bonds is [CUSIP Number].
3. Yield on the 2024 Series A Bonds. It computed the yield on the 2024 Series A Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2024 Series A Bonds is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.
4. Weighted Average Maturity. The “weighted average maturity” of the 2024 Series A Bonds has been calculated to be _____ years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the 2024 Series A Bonds as of the date hereof.
5. Defined Terms.
 - (a) “University” means the Western Kentucky University.
 - (b) “Maturity” means 2024 Series A Bonds with the same credit and payment terms. 2024 Series A Bonds with different maturity dates, or 2024 Series A Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - (c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) 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.

* Preliminary, subject to change.

- (d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2024 Series A Bonds. The Sale Date of the 2024 Series A Bonds is December 5, 2024.
- (e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Series A Bonds to the Public, and (ii) any person that 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 2024 Series A 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 2024 Series A Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of 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. The undersigned understands that the foregoing information will be relied upon by the University with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2024 Series A Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the University from time to time relating to the 2024 Series A Bonds.

[NAME OF UNDERWRITER]

By: _____
Name: _____

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

COPY OF BID

(Attached)

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

[In case of receipt of less than three qualified bids for the 2024 Series A Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

Dated December 19, 2024

Re: \$34,240,000* Western Kentucky University General Receipts Bonds, 2024 Series A

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”]), on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “2024 Series A Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
 - (a) [Short Name of Underwriter][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2024 Series A Bonds is attached to this certificate as Schedule B.
 - (b) As set forth in the Official Terms and Conditions of Bond Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the 2024 Series A Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2024 Series A Bonds during the Holding Period.
3. CUSIP Number. The CUSIP number assigned to the final maturity of the 2024 Series A Bonds is [CUSIP Number].
4. Yield on the 2024 Series A Bonds. It computed the yield on the 2024 Series A Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2024 Series A Bonds is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.
5. Weighted Average Maturity. The “weighted average maturity” of the 2024 Series A Bonds has been calculated to be [____] years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the 2024 Series A Bonds as of the date hereof.
6. Defined Terms.

* Preliminary, subject to change.

- (a) “General Rule Maturities” means those Maturities of the 2024 Series A Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (b) “Hold-the-Offering-Price” Maturities means those Maturities of the 2024 Series A Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 5, 2024), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) “Issuer” means the Western Kentucky University.
- (e) “Maturity” means 2024 Series A Bonds with the same credit and payment terms. Bonds with different maturity dates, or 2024 Series A Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) 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.
- (g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2024 Series A Bonds. The Sale Date of the 2024 Series A Bonds is December 5, 2024.
- (h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Series A Bonds to the Public, and (ii) any person that 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 2024 Series A 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 2024 Series A Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of 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. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2024 Series A Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the 2024 Series A Bonds.

[NAME OF UNDERWRITER][as Representative of the Underwriter Group]

By: _____
Name: _____

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX H
OFFICIAL BID FORM FOR THE 2024 SERIES A BONDS

OFFICIAL BID FORM

Re: \$34,240,000* Western Kentucky University General Receipts Bonds, 2024 Series A

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale, providing for the sale of approximately \$34,240,000* of Western Kentucky University General Receipts Bonds, 2024 Series A (the "2024 Series A Bonds"), and in accordance with the Notice of Bond Sale as posted, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the 2024 Series A Bonds.

We hereby bid for the \$34,240,000 principal amount of 2024 Series A Bonds the sum of \$_____ (not less than \$33,555,200), at the following annual interest rates:

Maturity	Amount*	Serial Bond Rate	Term Bond Rate
September 1, 2025	\$1,245,000	_____%	_____%
September 1, 2026	1,280,000	_____%	_____%
September 1, 2027	1,320,000	_____%	_____%
September 1, 2028	1,350,000	_____%	_____%
September 1, 2029	1,390,000	_____%	_____%
September 1, 2030	1,430,000	_____%	_____%
September 1, 2031	1,480,000	_____%	_____%
September 1, 2032	1,525,000	_____%	_____%
September 1, 2033	1,570,000	_____%	_____%
September 1, 2034	1,625,000	_____%	_____%
September 1, 2035	1,685,000	_____%	_____%
September 1, 2036	1,745,000	_____%	_____%
September 1, 2037	1,810,000	_____%	_____%
September 1, 2038	1,880,000	_____%	_____%
September 1, 2039	1,945,000	_____%	_____%
September 1, 2040	2,025,000	_____%	_____%
September 1, 2041	2,105,000	_____%	_____%
September 1, 2042	2,185,000	_____%	_____%
September 1, 2043	2,275,000	_____%	_____%
September 1, 2044	2,370,000	_____%	_____%

We understand that this bid may be accepted for as much as \$37,665,000 of 2024 Series A Bonds, at the same price per \$1,000 of Bonds as the price bid per \$1,000 of Bonds by the undersigned with the variation in such amount being adjusted as determined at the time of acceptance of the best bid.

We understand that the University will furnish the final, approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms and conditions of sale.

Respectfully submitted,

By: _____
Bidder

Title: _____

Address

Total interest cost from December 19, 2024, to final maturity	\$ _____
Less premium bid or plus discount, if any	\$ _____
Aggregate interest cost	\$ _____
True interest rate (i.e. TIC)	_____%

* Preliminary, subject to change.

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

ACCEPTANCE OF BID WITH ADJUSTMENT OF MATURITY AMOUNTS

Accepted by the University Controller/Treasurer of Western Kentucky University, with the change in maturities of Bonds being as follows:

SCHEDULE OF PRINCIPAL AMOUNTS AND INTEREST RATES

Maturity	Amount	Interest Rates
September 1, 2025	\$ _____	_____ %
September 1, 2026	\$ _____	_____ %
September 1, 2027	\$ _____	_____ %
September 1, 2028	\$ _____	_____ %
September 1, 2029	\$ _____	_____ %
September 1, 2030	\$ _____	_____ %
September 1, 2031	\$ _____	_____ %
September 1, 2032	\$ _____	_____ %
September 1, 2033	\$ _____	_____ %
September 1, 2034	\$ _____	_____ %
September 1, 2035	\$ _____	_____ %
September 1, 2036	\$ _____	_____ %
September 1, 2037	\$ _____	_____ %
September 1, 2038	\$ _____	_____ %
September 1, 2039	\$ _____	_____ %
September 1, 2040	\$ _____	_____ %
September 1, 2041	\$ _____	_____ %
September 1, 2042	\$ _____	_____ %
September 1, 2043	\$ _____	_____ %
September 1, 2044	\$ _____	_____ %

Accepted this December 5, 2024.

WESTERN KENTUCKY UNIVERSITY

By: _____
Amy Hunter,
University Controller/Treasurer,
Western Kentucky University

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX I
FORM OF OFFICIAL TERMS AND CONDITIONS
FOR THE 2024 SERIES B BONDS

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

Re: \$6,265,000* Western Kentucky University General Receipts Refunding Bonds, 2024 Series B

The University Controller/Treasurer of Western Kentucky University (the “University”) will until December 5, 2024, at 11:30 EST prevailing time, receive in the Office of the President, College Heights Boulevard, Bowling Green, Kentucky 42101, sealed, competitive bids for the purchase of the above-identified Bonds (the “2024 Series B Bonds”). To be considered, a bid for the purchase of the 2024 Series B Bonds must be submitted on an Official Bid Form and must be delivered to such office no later than the date and hour indicated. Electronic bids may also be received via BiDCOMP™/PARITY™, as described below. Proposals for the purchase of the 2024 Series B Bonds will be considered by the University Controller/Treasurer and a decision regarding the acceptance will be made by the University Controller/Treasurer on that date.

DESCRIPTION AND MATURITIES OF 2024 SERIES B BONDS

The 2024 Series B Bonds will be issued only as fully registered bonds in denominations of \$5,000 principal amount or any multiple of \$5,000 within a single maturity (as designated by the Purchaser), will bear interest payable semiannually on March 1 and September 1, commencing March 1, 2025, and will mature on the years and in the principal amounts, as follows:

Maturity	Amount*
September 1, 2029	\$1,985,000
September 1, 2030	2,085,000
September 1, 2031	2,195,000

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2024 Series B Bonds. The 2024 Series B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered 2024 Series B Bond certificate will be issued for each maturity of the 2024 Series B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

Purchases of the 2024 Series B Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the “Direct Participants”), which will receive a credit for the 2024 Series B Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 Series B Bond (a “Beneficial Owner”) is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the “Indirect Participants”). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are 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 2024 Series B Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2024 Series B Bonds, except if use of the book-entry system for the 2024 Series B Bonds is discontinued.

The 2024 Series B Bonds shall be lettered and numbered from R-1 upward, or such numbering shall be made in such other appropriate manner as may be determined by U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Trustee and Paying Agent.

The person in whose name any 2024 Series B Bond is registered on the Record Date (February 15 or August 15) with respect to an interest payment date shall be entitled to receive the interest payable on such interest payment date.

AUTHORITY AND PURPOSE OF 2024 SERIES B BONDS

These 2024 Series B Bonds are issued in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.340 to 162.380 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes, and pursuant to the terms of (i) a resolution of the Board of Regents of the University (the “Board”) dated November 2, 2006 (the “General Bond Resolution”), as amended and supplemented, including as amended and supplemented by a resolution of the Board dated August 9, 2024 (the “Series Resolution,” and, together with the General Bond Resolution, the “Bond Resolution”); and (i) a Trust Agreement dated as of December 1, 2006 (the “Original Trust Agreement”), by and between the University and U.S. Bank

* Preliminary, subject to change.

Trust Company, National Association as successor-in-interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by a Thirteenth Supplemental Trust Agreement dated as of December 1, 2024 (the “Supplemental Trust Agreement,” and, together with the Original Trust Agreement, the “Trust Agreement”).

Proceeds of the 2024 Series B Bonds will be used by the University to (a) currently refund the outstanding Western Kentucky University General Receipts Bonds, 2012 Series A dated June 6, 2012 maturing on and after May 1, 2030 (the “Prior Bonds”), the proceeds of which financed a portion of the costs of the acquisition, construction, installation, and equipping of the Renovate Downing University Center Project; and (b) pay all or a portion of the costs of issuance of the 2024 Series B Bonds.

SECURITY

Each 2024 Series B Bond is an “Obligation” under the Trust Agreement and the University has pledged its General Receipts as security for its payment obligations thereunder. “General Receipts” are defined in the Trust Agreement and further described in the Preliminary Official Statement.

If the University fails to make timely payment of any 2024 Series B Bond, the Secretary of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the “Cabinet”) is obligated, pursuant to KRS 164A.608, to apply to such payment, any funds that have been appropriated to the University that have not yet been disbursed. Payments due on the 2024 Series B Bonds are required to be deposited with the Trustee at least ten days before their due date. If the amount required to pay debt service is not on deposit by that date, the Trustee is obligated under the Trust Agreement to immediately notify the Secretary of the Cabinet of the default in payment. Under KRS 164A.608, the Secretary of the Cabinet is required, within five days of the default, to remit the amount required to pay the amount due on any 2024 Series B Bond to the Trustee from those undisbursed funds.

BIDDING CONDITIONS AND RESTRICTIONS

The public offering of the 2024 Series B Bonds is made up on the following specific conditions and provisions:

- A. Bidders are required to bid for the entire issue of 2024 Series B Bonds at a minimum price of not less than \$6,139,700.00 (98.00% of par), payable in Federal Funds.
- B. The determination of the best bid will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the 2024 Series B Bonds (compounded semi-annually from the date of the 2024 Series B Bonds), produces an amount equal to the purchase price of the 2024 Series B Bonds, as set forth in the Official Bid Form, for exactly \$6,265,000 of 2024 Series B Bonds offered for sale hereunder. Upon determination of the lowest true interest rate, the University Controller/Treasurer shall immediately proceed to adjust such principal amounts of the 2024 Series B Bonds to determine the maturities of its final bond issue. The successful bidder will be required to accept the final 2024 Series B Bonds in the amounts so computed, whether the principal amount has been increased by up to ten percent (10%) or decreased in an amount deemed by the University to be in its best interest (the “Permitted Adjustment”) and to pay the percentage purchase price based upon the aggregate amount of the final bond issue.

While it is the University’s intention to sell and issue the approximate par amounts of the 2024 Series B Bonds as set forth herein, there is no guarantee that adjustments or revisions may not be necessary in order to properly size the 2024 Series B Bonds. Among other factors the University may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the 2024 Series B Bonds, is the size of individual maturities or sinking fund installments, assuring level debt service, or other preferences of the University. In addition, the University may remove or add certain maturities of the bonds to be refunded with the proceeds of the 2024 Series B Bonds in sizing the par amounts and individuals maturities of the 2024 Series B Bonds.

If the principal amount of any maturity of the 2024 Series B Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter’s Discount on the 2024 Series B Bonds as submitted by the successful bidder shall be held constant. The Underwriter’s Discount shall be defined as the difference between the purchase price of the 2024 Series B Bonds submitted by the bidder and the price at which the 2024 Series B Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the 2024 Series B Bonds bid.

The successful bidder for the 2024 Series B Bonds will be notified by no later than 5:00 p.m. (Eastern Standard Time), on the sale date of the exact revisions and/or adjustment required, if any.

- C. Bidders must state an interest rate or rates in multiples of 1/8 or 1/20 of 1%, or both. The interest rate for any maturity cannot exceed 5.0%, and which may be on an ascending or descending scale.
- D. There is no limit on the number of different rates which may be specified in any bid.
- E. All 2024 Series B Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.
- F. Bidders may require that a portion of the 2024 Series B Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that such Term Bonds will be subject to mandatory redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on September 1 of the years and in the principal amounts set forth in the maturity schedule above.
- G. The right to reject bids for any reason deemed advisable by the University Controller/Treasurer and the right to waive any possible informalities, irregularities, or defects in any bid which, in the judgment of the University Controller/Treasurer, with the advice of the Municipal Advisor, shall be minor or immaterial, is expressly reserved.

The University expressly reserves the right upon 24 hours prior notice given by electronic means through BiDCOMP™/PARITY™ to withdraw its request for bids on the 2024 Series B Bonds if the University determines, in its sole discretion, before the presently established date of sale, that the economic requirements of the University with respect to the plan of finance will not be achieved. Upon any such withdrawal of requests for bids for the 2024 Series B Bonds, the University reserves the right, upon 48 hours' notice given by electronic means through BiDCOMP™/PARITY™, to request receipt of new bids for the 2024 Series B Bonds. Bidders are further advised that if the foregoing determination is made by the University and an insufficient time remains to give required notice of the withdrawal of the sale of any or all of the 2024 Series B Bonds, the right is specifically reserved in the University to reject all bids for the 2024 Series B Bonds and, upon 48 hours' notice given by electronic means through BiDCOMP™/PARITY™, to request receipt of new bids for the 2024 Series B Bonds.

- H. Bids must be made on forms which, together with a Preliminary Official Statement, may be obtained from the Municipal Advisor, Robert W. Baird & Co. Incorporated, 500 West Jefferson Street, Suite 2600, Louisville, Kentucky 40202, (502) 588-8476. Bids must be enclosed in sealed envelopes marked "Bid for Western Kentucky University General Receipts Refunding Bonds, 2024 Series B," and bids must be received by the University Controller/Treasurer before the date and hour set for the sale. It is also possible to submit a bid by the delivery (including by facsimile) of a signed bid form to the Municipal Advisor or the University Controller/Treasurer before the sale and completing the bid by telephone before the deadline for submitting bids. Alternatively, electronic bids for the 2024 Series B Bonds may be submitted through BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid. The University 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 the Official Terms and Conditions of Bond Sale, this 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 shall be binding upon the bidders as if made by signed, sealed written bids delivered to the University. The University 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 is at the sole risk of the prospective bidders.
- I. Bids need not be accompanied by a certified or bank cashier's good faith check. The successful purchaser shall be required (without further advice from the University) to wire transfer an amount equal to 2% of the principal amount of the 2024 Series B Bonds awarded to the Trustee and Paying Agent, by the close of business on the day following the award as a good faith deposit and the amount will be applied (without interest) to the purchase price upon delivery. The good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such 2024 Series B Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the 2024 Series B Bonds. The successful bidder shall not be required

to take up and pay for the 2024 Series B Bonds unless delivery is made within forty-five days from the date the bid is accepted.

- J. The purchasers of the 2024 Series B Bonds shall pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the 2024 Series B Bonds at no expense or cost to the purchasers. Neither the failure to print a CUSIP number on any 2024 Series B Bond or any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and pay for the 2024 Series B Bonds.
- K. Delivery will be made at the Depository Trust Company, New York, New York, at no additional cost or expense to the purchasers. The University will pay for the printing of the 2024 Series B Bonds, which will contain the opinion of Bond Counsel. Delivery is expected on December 19, 2024.
- L. If the 2024 Series B Bonds are not ready for delivery and payment within forty-five days from the date of sale herein provided for, the purchasers shall be relieved of any liability to accept the 2024 Series B Bonds hereunder. However, it is contemplated that the 2024 Series B Bonds will be delivered on a date during such period as may be designated by representatives of the University, and the purchasers will be required to accept delivery of and pay for the 2024 Series B Bonds on any designated date within such forty-five day period upon notice being given at least five business days before the designated delivery date.
- M. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal or interest on the Bonds, the University agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the University shall not be liable to any extent therefor. The University has applied for a rating on the 2024 Series B Bonds from Moody's Investors Service, Inc. and will pay the fees associated therewith.
- N. The winning bidder for the 2024 Series B Bonds shall assist the University in establishing the issue price of the 2024 Series B Bonds and shall execute and deliver to the University at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2024 Series B Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the University and Bond Counsel. All actions to be taken by the University under these Official Terms and Conditions of Bond Sale to establish the issue price of the 2024 Series B Bonds may be taken on behalf of the University by the Municipal Advisor to the University identified herein and any notice or report to be provided to the University shall be provided to the University's Municipal Advisor.

The University intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2024 Series B Bonds) will apply to the initial sale of the 2024 Series B Bonds (the "competitive sale requirements") because:

- (1) the University shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the University may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the University anticipates awarding the 2024 Series B Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid submitted pursuant to these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the 2024 Series B Bonds, as specified in the bid.

- O. If the competitive sale requirements are not satisfied, the University shall so advise the winning bidder. The University may determine to treat (i) the first price at which 10% of a maturity of the 2024 Series B Bonds (the "10% test"), is sold to the public as the issue price of that maturity of that 2024 Series B Bond/or (ii) the initial offering price to the public as of the sale date of any maturity of the 2024 Series B 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 winning bidder shall advise the University if any maturity of the 2024 Series B Bonds satisfies the 10% test as of the date and time of the award of the 2024 Series B Bonds. The University shall promptly advise the winning bidder, at or before the time of award of the 2024 Series B Bonds which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the 2024 Series B Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation if the University determines to apply the hold-the-offering-price rule to any maturity of the 2024 Series B Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the 2024 Series B Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2024 Series B Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the 2024 Series B Bonds shall assist the University in establishing the issue price of the 2024 Series B Bonds and shall execute and deliver to the University at Closing an “issue price” or similar certificate setting forth (i) the 10% test as the issue price of that maturity and/or (ii) the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the University and Bond Counsel.

- P. By submitting a bid, the applicable winning bidder shall (i) confirm that the underwriters have offered or will offer the 2024 Series B Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by such winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the 2024 Series B Bonds, that the underwriters will neither offer nor sell unsold 2024 Series B Bonds of any maturity 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: (i) the close of the fifth business day after the sale date; or (ii) the date on which the underwriters have sold at least 10% of that maturity of the 2024 Series B 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 University when the underwriters have sold 10% of that maturity of the 2024 Series B Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs before the close of the fifth business day after the sale date.

- Q. If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the 2024 Series B Bonds, the applicable winning bidder agrees to promptly report to the University the prices at which the unsold 2024 Series B Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2024 Series B Bonds of that maturity or until all 2024 Series B Bonds of that maturity have been sold.
- R. The University acknowledges that, in making the representations set forth above, the applicable 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 2024 Series B 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) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2024 Series B Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The University further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2024 Series B Bonds.
- S. 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 2024 Series B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail

distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold 2024 Series B Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the 2024 Series B Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the 2024 Series B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2024 Series B Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold 2024 Series B Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the 2024 Series B Bonds of that maturity or all 2024 Series B Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

T. Sales of any 2024 Series B Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of these Official Terms and Conditions of Bond Sale. Further, for purposes of these 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 that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Series B Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2024 Series B 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 2024 Series B Bonds to the public);
- (iii) a purchaser of any of the 2024 Series B Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
- (iv) “sale date” means December 5, 2024.

U. Bidders are advised that Robert W. Baird & Co. Incorporated, has been employed as the University’s independent registered municipal advisor in connection with the issuance of the 2024 Series B Bonds. Their fee for services rendered with respect to the sale of the 2024 Series B Bonds is contingent upon the issuance and delivery of the 2024 Series B Bonds.

The University has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12, as amended and interpreted from time to time (“Rule 15c2-12”) promulgated by the Securities and Exchange Commission (the “Commission”), (i) on or before 270 days after the end of each fiscal year, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained in the Official Statement, and (ii) timely notice of the occurrence of certain events with respect to the 2024 Series B Bonds.

In the past five years, the University has filed Annual Financial Information and Operating Data, each as defined in its prior disclosure agreements (which are similar to the form of Continuing Disclosure Agreement set forth in the Preliminary Official Statement). Information regarding continuing disclosure filings of the University is available at <http://www.emma.msrb.org>, reference “Western Kentucky University.” The University has established procedures to assure future compliance with its continuing disclosure obligations.

The purchaser's obligation to purchase the 2024 Series B Bonds shall be conditioned upon its receiving, at or before the delivery of the 2024 Series B Bonds, in form and substance reasonably satisfactory to the purchaser, evidence that the University has made the continuing disclosure undertaking set forth above for the benefit of the holders of the 2024 Series B Bonds.

The University shall provide to the successful purchaser a final Official Statement in accordance with Rule 15c2-12. Arrangements have been made with the printer, upon submission of completion text, to print a reasonable quantity of final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements, which Official Statements will be provided at the expense of the University.

The University will furnish to the purchasers the customary No Litigation Certificate and the final, approving Legal Opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, without expense to the purchasers.

Concurrently with the delivery of the 2024 Series B Bonds, the University Controller/Treasurer will certify that, to the best of her knowledge, the Official Statement did not, as of its date, and does not, as of the date of delivery of the 2024 Series B Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect.

TAX EXEMPTION

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2024 Series B Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"), and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024 Series B Bonds. The University has covenanted to comply with certain restrictions designed to ensure that interest on the 2024 Series B Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the 2024 Series B Bonds being includable in gross income for federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2024 Series B Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2024 Series B Bonds may adversely affect the tax status of the interest on the 2024 Series B Bonds.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including without limitation defeasance of the 2024 Series B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any 2024 Series B Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the 2024 Series B Bonds has rendered an opinion that interest on the 2024 Series B Bonds is excludable from gross income for federal income tax purposes and that interest on all 2024 Series B Bonds is excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2024 Series B Bonds may otherwise affect a Bondholder's federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the 2024 Series B Bonds on the tax liabilities of the individual or entity.

Ownership or disposition of the 2024 Series B Bonds may result in collateral federal, state, or local tax consequence for certain taxpayers, including without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, and increasing the federal tax liability of certain individual recipients of social security or Railroad Retirement benefits, under Section 86 of the Code. Ownership of any 2024 Series B Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of 2024 Series B Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the 2024 Series B Bonds.

The University has not designated the 2024 Series B Bonds as “qualified tax-exempt obligations” under Section 265 of the Code.

If, before the delivery of the 2024 Series B Bonds, any event shall occur which alters the tax-exempt status of the 2024 Series B Bonds, the purchaser shall have the privilege of voiding the purchase contract by giving immediate written notice to the University, and all respective obligations of the parties will be terminated.

Bond Counsel has reviewed the Official Statement with regard to all matters pertaining to the legality and tax exemption of the 2024 Series B Bonds, including statements concerning the University and the purpose and security of the 2024 Series B Bonds; but Bond Counsel has not reviewed any of the financial statements or other financial information in the Official Statement, and expresses no opinion thereon and assumes no responsibility in connection therewith.

/s/ Amy Hunter

University Controller/Treasurer,
Western Kentucky University

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

[In case of receipt of at least three qualified bids for the 2024 Series B Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

Dated December 19, 2024

Re: \$6,265,000* Western Kentucky University General Receipts Refunding Bonds, 2024 Series B

The undersigned, on behalf of [Name of Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “2024 Series B Bonds”).

1. Reasonably Expected Initial Offering Price.

- (a) As of the Sale Date, the reasonably expected initial offering prices of the 2024 Series B Bonds to the Public by [Short Name of Underwriter] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the 2024 Series B Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the 2024 Series B Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the 2024 Series B Bonds.
- (b) [Short Name of Underwriter] was not given the opportunity to review other bids before submitting its bid.
- (c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the 2024 Series B Bonds.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the 2024 Series B Bonds is [CUSIP Number].

3. Yield on the 2024 Series B Bonds. It computed the yield on the 2024 Series B Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2024 Series B Bonds is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

4. Weighted Average Maturity. The “weighted average maturity” of the 2024 Series B Bonds has been calculated to be _____ years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the 2024 Series B Bonds as of the date hereof.

5. Defined Terms.

- (a) “University” means the Western Kentucky University.
- (b) “Maturity” means 2024 Series B Bonds with the same credit and payment terms. 2024 Series B Bonds with different maturity dates, or 2024 Series B Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) 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.

* Preliminary, subject to change.

- (d) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2024 Series B Bonds. The Sale Date of the 2024 Series B Bonds is December 5, 2024.
- (e) "Underwriter" means (i) any person that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Series B Bonds to the Public, and (ii) any person that 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 2024 Series B 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 2024 Series B Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of 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. The undersigned understands that the foregoing information will be relied upon by the University with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2024 Series B Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the University from time to time relating to the 2024 Series B Bonds.

[NAME OF UNDERWRITER]

By: _____
Name: _____

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

COPY OF BID

(Attached)

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

[In case of receipt of less than three qualified bids for the 2024 Series B Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

Dated December 19, 2024

Re: \$6,265,000* Western Kentucky University General Receipts Refunding Bonds, 2024 Series B

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”]), on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “2024 Series B Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
 - (a) [Short Name of Underwriter][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2024 Series B Bonds is attached to this certificate as Schedule B.
 - (b) As set forth in the Official Terms and Conditions of Bond Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the 2024 Series B Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2024 Series B Bonds during the Holding Period.
3. CUSIP Number. The CUSIP number assigned to the final maturity of the 2024 Series B Bonds is [CUSIP Number].
4. Yield on the 2024 Series B Bonds. It computed the yield on the 2024 Series B Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2024 Series B Bonds is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.
5. Weighted Average Maturity. The “weighted average maturity” of the 2024 Series B Bonds has been calculated to be [____] years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the 2024 Series B Bonds as of the date hereof.
6. Defined Terms.

* Preliminary, subject to change.

- (a) “General Rule Maturities” means those Maturities of the 2024 Series B Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (b) “Hold-the-Offering-Price” Maturities means those Maturities of the 2024 Series B Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 5, 2024), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) “Issuer” means the Western Kentucky University.
- (e) “Maturity” means 2024 Series B Bonds with the same credit and payment terms. Bonds with different maturity dates, or 2024 Series B Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) 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.
- (g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2024 Series B Bonds. The Sale Date of the 2024 Series B Bonds is December 5, 2024.
- (h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Series B Bonds to the Public, and (ii) any person that 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 2024 Series B 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 2024 Series B Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of 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. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2024 Series B Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the 2024 Series B Bonds.

[NAME OF UNDERWRITER][as Representative of the Underwriter Group]

By: _____
Name: _____

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

WESTERN KENTUCKY UNIVERSITY
GENERAL RECEIPTS BONDS, 2024 SERIES A
AND
GENERAL RECEIPTS REFUNDING BONDS, 2024 SERIES B

APPENDIX J
OFFICIAL BID FORM FOR THE 2024 SERIES B BONDS

OFFICIAL BID FORM

Re: \$6,265,000* Western Kentucky University General Receipts Refunding Bonds, 2024 Series B

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale, providing for the sale of approximately \$6,265,000* of Western Kentucky University General Receipts Refunding Bonds, 2024 Series B (the “2024 Series B Bonds”), and in accordance with the Notice of Bond Sale as posted, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the 2024 Series B Bonds.

We hereby bid for the \$6,265,000 principal amount of 2024 Series B Bonds the sum of \$ _____ (not less than \$6,139,700), at the following annual interest rates:

Maturity	Amount*	Serial Bond Rate	Term Bond Rate
September 1, 2029	\$1,985,000	_____ %	_____ %
September 1, 2030	2,085,000	_____ %	_____ %
September 1, 2031	2,195,000	_____ %	_____ %

We understand that this bid may be accepted for as much as \$6,890,000 of 2024 Series B Bonds, at the same price per \$1,000 of Bonds as the price bid per \$1,000 of Bonds by the undersigned with the variation in such amount being adjusted as determined at the time of acceptance of the best bid.

We understand that the University will furnish the final, approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms and conditions of sale.

Respectfully submitted,

By: _____
Bidder

Title: _____

Address

Total interest cost from December 19, 2024, to final maturity	\$ _____
Less premium bid or plus discount, if any	\$ _____
Aggregate interest cost	\$ _____
True interest rate (i.e. TIC)	_____ %

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

ACCEPTANCE OF BID WITH ADJUSTMENT OF MATURITY AMOUNTS

Accepted by the University Controller/Treasurer of Western Kentucky University, with the change in maturities of Bonds being as follows:

SCHEDULE OF PRINCIPAL AMOUNTS AND INTEREST RATES

Maturity	Amount	Interest Rates
September 1, 2029	\$ _____	_____ %
September 1, 2030	\$ _____	_____ %
September 1, 2031	\$ _____	_____ %

Accepted this December 5, 2024.

WESTERN KENTUCKY UNIVERSITY

* Preliminary, subject to change.

By: _____
Amy Hunter,
University Controller/Treasurer,
Western Kentucky University