PRELIMINARY OFFICIAL STATEMENT

DATED SEPTEMBER 25, 2023

NEW ISSUE
Electronic Bidding via Parity®
Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. All subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Exemption" herein)

$660,000
LAWRENCE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SECOND SERIES OF 2023

Dated with Delivery: OCTOBER 24, 2023 **Due: as shown below**

Interest on the Bonds is payable each April 1 and October 1, beginning April 1, 2024. The Bonds will mature as to principal on October 1, 2024, and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of $5,000 and integral multiples thereof.

Maturing 1-Oct	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Oct	Amount*	Interest Rate	Reoffering Yield	CUSIP
2024	$20,000	%	%		2034	$30,000	%	%	
2025	$25,000	%	%		2035	$35,000	%	%	
2026	$25,000	%	%		2036	$35,000	%	%	
2027	$25,000	%	%		2037	$35,000	%	%	
2028	$25,000	%	%		2038	$40,000	%	%	
2029	$25,000	%	%		2039	$40,000	%	%	
2030	$30,000	%	%		2040	$40,000	%	%	
2031	$30,000	%	%		2041	$45,000	%	%	
2032	$30,000	%	%		2042	$45,000	%	%	
2033	$30,000	%	%		2043	$50,000	%	%	

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

Notwithstanding the foregoing, the Corporation reserves the right to call, upon thirty (30) days notice, the Bonds in whole or in part on any date for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any of the building(s) constituting the Project(s) and apply casualty insurance proceeds to such purpose.

The Bonds constitute a limited indebtedness of the Lawrence County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project (as hereinafter defined) on an annual renewable basis to the Lawrence County Board of Education.

The Lawrence County (Kentucky) School District Finance Corporation will until October 3, 2023, at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed $65,000.**

PURCHASER'S OPTION: The Purchaser of the Bonds, within 24 hours of the sale, may specify to the Municipal Advisor that any Bonds may be combined immediately succeeding sequential maturities into a Term Bond(s), bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) being subject to mandatory redemption in such maturities for such Term Bond(s).

The Bonds will be delivered utilizing the BOOK-ENTRY-ONLY-SYSTEM administered by The Depository Trust Company.

The Corporation deems this preliminary Official Statement to be final for purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof which has been omitted in accordance with such Rule and which will be supplied with the final Official Statement.

RSA advisors

LAWRENCE COUNTY
BOARD OF EDUCATION

Jim See, Chairperson
Maddlene Roberts, Member
Susie Rice, Member
Garnett Skaggs, Member
Barbara Robinson, Member

Robbie Fletcher, Superintendent
Betty Mullins, Secretary

LAWRENCE COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Jim See, President
Maddlene Roberts, Member
Susie Rice, Member
Garnett Skaggs, Member
Barbara Robinson, Member

Betty Mullins, Secretary
Brandi Peters, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

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

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Lawrence County School District Finance Corporation School Building Revenue Bonds, Second Series of 2023, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Corporation will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale.

The Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

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OFFICIAL STATEMENT
Relating to the Issuance of

$660,000*

LAWRENCE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2023

**Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Lawrence County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Second Series of 2023 (the "Bonds").

The Bonds are being issued to finance Phase I LAVEC Renovations at Lawrence County High School (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Lawrence County Board of Education (the "Board") on a year to year basis (see "Security" herein).

All financial and other information presented in this Official Statement has been provided by the Lawrence County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated October 24, 2023, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

The following information about the Book-Entry only system applicable to the Bonds has been supplied by DTC. Neither the Corporation nor the Paying Agent and Registrar makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the 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.

DTC, the world's largest 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 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Paying Agent and Registrar, 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 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 or its nominee, the Paying Agent and Registrar or the Corporation, 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 Corporation or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice the Corporation or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry system has been obtained from sources that the Corporation believes to be reliable but the Corporation takes no responsibility for the accuracy thereof.

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

Any bonds, notes or other indebtedness issued or contracted by the Corporation shall, prior to the issuance or incurrence thereon, be specifically approved by the Board. The members of the Board of Directors of the Corporation are the members of the Board. Their terms expire when they cease to hold the office and any successor members of the Board are automatically members of the Corporation upon assuming their public offices.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately $47,721 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period through October 1, 2043, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2024. Inter alia, the Budget provides $125,216,700 in FY 2022-23 and $126,719,600 in FY 2023-2024 to pay debt service on existing and future bond issues; $58,000,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes $85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

The 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020 and 2022 regular sessions of the Kentucky General Assembly appropriated funds to be used for debt service of participating school districts. The appropriations for each biennium are shown in the following table:

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
2022-24	5,305,300
Total	$189,166,500

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 1986 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state'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.

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

The General Assembly adopted a budget for the biennial period ending June 30, 2024 which was approved and signed recently by the Governor. Such budget became effective July 1, 2022.

The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

OUTSTANDING BONDS

The following table shows the outstanding Bonds of the Board by the original principal amount of each issue, the current principal outstanding, the amount of the original principal scheduled to be paid with the corresponding interest thereon by the Board or the School Facilities Construction Commission, the approximate interest range; and, the final maturity date of the Bonds:

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2012	$1,635,000	$830,000	$0	$1,635,000	2.625% - 3.375%	2032
2012-ENERGY	$4,265,000	$1,485,000	$4,265,000	$0	2.375% - 2.750%	2027
2012 QZAB	$5,000,000	$5,000,000	$0	$5,000,000	4.000%	2035
2013	$2,320,000	$1,660,000	$1,526,566	$793,434	3.250% - 4.350%	2032
2014-KISTA	$364,207	$41,728	$364,207	$0	3.250%	2024
2022	$460,000	$442,000	$0	$460,000	2.500%	2042
2022B	$1,035,000	$1,025,000	$1,025,000	$0	4.375%	2042
2023	$990,000	$990,000	$990,000	$0	3.000%	2033
TOTALS:	$16,069,207	$11,473,728	$8,170,773	$7,888,434		

AUTHORITY

The Board of Directors of the Corporation has adopted a Bond Resolution which authorized among other things:

i) the issuance of approximately $660,000 of Bonds subject to a permitted adjustment of $65,000;

ii) the advertisement for the public sale of the Bonds;

iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,

iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated October 24, 2023, will bear interest from that date as described herein, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2024, and will mature as to principal on October 1, 2024, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on April 1 and October 1 of each year, beginning April 1, 2024 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after October 1, 2032, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 1, 2031, in any order of maturities (less than all of a single maturity to be selected by lot),in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
October 1, 2031, and thereafter	100%

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part on any date at par for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any building constituting the Project and apply casualty insurance proceeds to such purpose.

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Projects financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the school building Projects.

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from October 24, 2023, through June 30, 2024, with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until October 1, 2043, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately $47,721 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. <u>The plan for financing the Project will require the Commission to pay 100% of the debt service of the Bonds.</u>

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2024. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods through September 1, 2043, but the Commission is not required to do so.

STATE INTERCEPT

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance Phase I LAVEC Renovations at Lawrence County High School (the "Project").

The Board has reported construction bids have been let for the Project and award of the construction contract is expected prior to the sale and delivery of the Bonds.

Contractors for the Project are required to furnish to the Board a one hundred percent completion bond to assure their performance of the construction contract.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

Kentucky statutes, and the regulations of the Kentucky Department of Education ("KDE") issued thereunder, generally require that a local school district submit to KDE for its prior approval the district's plans for the funding, financing, design, construction, renovation, and modification of school facilities. House Bill 678 of the 2022 Regular Session of the Kentucky General Assembly (2022 Ky. Acts, Ch. 185, hereinafter referred to as "HB 678"), enacted and effective April 8, 2022, eliminates until June 30, 2024 this requirement of prior approval for local school districts which elect by resolution to proceed without such prior approval and which so notify the Department. The District has adopted such a resolution and has so notified KDE.

Notwithstanding HB 679, KDE's supervision of local school districts continues to apply other areas of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditures and the annual approval of the district's operating budget. All local school boards which have entered into contracts for the issuance of bonds must maintain insurance protection in an amount equal to the full insurable value of the buildings financed by the bonds. <u>This State Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky's perfect record of no defaults in payment of its revenue bonds for school purposes.</u>

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ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet 0% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	------- Series 2023B Revenue Bonds (100% SFCC) ------ Principal Portion	Interest Portion	Total Payment	Total Restricted Fund Bond Payments
2024	$295,466		$12,287	$12,287	$295,466
2025	$284,958	$20,000	$27,795	$47,795	$284,958
2026	$272,967	$25,000	$26,940	$51,940	$272,967
2027	$274,412	$25,000	$25,990	$50,990	$274,412
2028	$206,090	$25,000	$25,015	$50,015	$206,090
2029	$212,012	$25,000	$24,015	$49,015	$212,012
2030	$202,286	$25,000	$23,015	$48,015	$202,286
2031	$201,678	$30,000	$21,915	$51,915	$201,678
2032	$205,093	$30,000	$20,715	$50,715	$205,093
2033	$202,601	$30,000	$19,515	$49,515	$202,601
2034	$203,416	$30,000	$18,315	$48,315	$203,416
2035	$123,609	$30,000	$17,115	$47,115	$123,609
2036	$124,781	$35,000	$15,728	$50,728	$124,781
2037	$125,734	$35,000	$14,153	$49,153	$125,734
2038	$126,469	$35,000	$12,578	$47,578	$126,469
2039	$122,094	$40,000	$10,890	$50,890	$122,094
2040	$122,609	$40,000	$9,090	$49,090	$122,609
2041	$122,906	$40,000	$7,280	$47,280	$122,906
2042	$122,984	$45,000	$5,346	$50,346	$122,984
2043	$127,734	$45,000	$3,299	$48,299	$127,734
2044		$50,000	$1,138	$51,138	
TOTALS:	$3,679,901	$660,000	$342,132	$1,002,132	$3,679,901

Notes: Numbers are rounded to the nearest $1.00

ESTIMATED USE OF BOND PROCEEDS

The table below shows the estimated sources of funds and uses of proceeds of the Bonds, other than any portions thereof representing accrued interest:

Sources:	
Par Amount of Bonds	$660,000.00
Total Sources	$660,000.00
Uses:	
Deposit to Construction Fund	$631,600.00
Underwriter's Discount (2%)	13,200.00
Cost of Issuance	15,200.00
Total Uses	$660,000.00

DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the Lawrence County School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	2,512.7	2011-12	2,122.7
2001-02	2,370.9	2012-13	2,157.5
2002-03	2,293.7	2013-14	2,124.8
2003-04	2,342.9	2014-15	2,206.7
2004-05	2,311.9	2015-16	2,242.8
2005-06	2,287.2	2016-17	2,250.5
2006-07	2,253.5	2017-18	2,222.7
2007-08	2,218.9	2018-19	2,223.0
2008-09	2,146.4	2019-20	2,177.5
2009-10	2,085.2	2020-21	2,165.9
2010-11	2,200.7	2021-22	2,248.2
		2022-23	2,248.2

Source: Kentucky State Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is $3,866 per pupil. The $100 capital outlay allotment per each average daily attendance is included within the guaranteed amounts. Each district's base funding from the SEEK program is adjusted for the number of at-risk students, the number and types of exceptional children in the district, and cost of transporting students from and to school in the district.

Capital Outlay Allotment. The per pupil capital outlay allotment for each district from the public school fund and from local sources shall be kept in a separate account and may be used by the district only for capital outlay projects approved by the State Department of Education. These funds shall be used for the following capital outlay purposes:

a. For direct payment of construction costs.
b. For debt service on voted and funding bonds.
c. For payment or lease-rental agreements under which the board will eventually acquire ownership of the school plant.
d. For retirement of any deficit resulting from over-expenditure for capital construction, if such deficit resulted from certain declared emergencies.
e. As a reserve fund for the above named purposes, to be carried forward in ensuing budgets.

The allotment for each school board of education in the Commonwealth for fiscal year 1978-79 was $1,800 per classroom unit. The 1979 Session of the Kentucky General Assembly approved increases in this allotment in 1979-80 to $1,900 per classroom unit. This rate remained unchanged in 1980-81. The 1981 Session of the Kentucky General Assembly decreased the allotment per classroom to $1,800 and this allotment rate did not change from the 1981-82 rate, until the 1990-91 school year. Beginning with 1990-91, the Capital Outlay allotment for each district is based on $100 per average daily attendance.

The following table shows the computation of the capital outlay allotment for the Lawrence County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	251,270.0	2011-12	212,270.0
2001-02	237,090.0	2012-13	215,754.0
2002-03	229,370.0	2013-14	212,477.0
2003-04	234,290.0	2014-15	220,672.0
2004-05	231,190.0	2015-16	224,280.0
2005-06	228,720.0	2016-17	225,050.0
2006-07	225,350.0	2017-18	222,270.0
2007-08	221,890.0	2018-19	222,295.4
2008-09	214,643.0	2019-20	217,750.0
2009-10	208,516.0	2020-21	216,590.9
2010-11	220,072.0	2021-22	224,817.6
		2022-23	224,817.6

If the school district has no capital outlay needs, upon approval from the State, the funds can be used for school plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses and purchase of modern technological equipment for educational purposes. If any district has a special levy for capital outlay or debt service that is equal to the capital outlay allotment or a proportionate fraction thereof, and spends the proceeds of the levy for eligible purposes, the State may authorize the district to use all or a proportionate fraction of its capital outlay allotment for current expenses (school districts which use capital outlay allotments to meet current expenses are not eligible to participate in the School Facilities Construction Commission funds).

Facilities Support Program of Kentucky. School districts may be eligible to participate in the Facilities Support Program of Kentucky (FSPK), subject to the following requirements:

1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;

2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,

3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean $6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to $46,350 effective January 1, 2023.

Limitation on Taxation. The 1979 Special Session of the Kentucky General Assembly enacted House Bill 44 which provides that no school district may levy a general tax rate, voted general tax rate, or voted building tax rate which would generate revenues that exceeds the previous years revenues by four percent (4%).

The 1990 Regular Session of the Kentucky General Assembly in enacting the "School Reform" legislative package amended the provisions of KRS 160.470 which prohibited school districts from levying ad valorem property taxes which would generate revenues in excess of 4% of the previous year's revenues without said levy subject to recall to permit exceptions to the referendum under (1) KRS 160.470(12) [a new section of the statute] and (2) an amended KRS 157.440.

Under KRS 160.470(12)(a) for fiscal years beginning July 1, 1990 school districts are required to levy a "minimum equivalent tax rate" of thirty cents ($.30) for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes (including occupational or utilities) levied by the district for school purposes divided by the total assessed value of property plus the assessment for motor vehicles certified by the State Revenue Cabinet. Failure to levy the minimum equivalent rate subjects the board of the district to removal.

The exception provided by KRS 157.440(1)(a) permits school districts to levy an equivalent tax rate as defined in KRS 160.470(12)(a) which will produce up to 15% of those revenues guaranteed by the program to support education excellence in Kentucky. Levies permitted by this section of the statute are not subject to public hearing or recall provisions as set forth in KRS 160.470.

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

Additional 15% Not Subject to Recall. Effective with the school year beginning July 1, 1990, each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Effective with the 1990-91 school year, the State will equalize the revenue generated by this levy at one hundred fifty percent (150%) of the statewide average per pupil equalized assessment. For 1993-94 and thereafter, this level is set at $225,000. The additional 15% rate levy is not subject to the public hearing or recall provisions.

Assessment Valuation. No later than July 1, 1994, all real property located in the state and subject to local taxation shall be assessed at one hundred percent (100%) of fair cash value.

Special Voted and Other Local Taxes. Any district may, in addition to other taxes for school purposes, levy not less than four cents nor more than twenty cents on each one hundred dollars ($100) valuation of property subject to local taxation, to provide a special fund for the purchase of sites for school buildings and the erection, major alteration, enlargement, and complete equipping of school buildings. In addition, districts may levy taxes on tangible and intangible property and on utilities, except generally any amounts of revenues generated above that provided for by House Bill 44 is subject to voter recall.

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	44.8	418,387,285	1,874,375
2001-02	46.2	450,740,625	2,082,422
2002-03	46.3	494,981,952	2,291,766
2003-04	46.3	515,539,249	2,386,947
2004-05	47.6	527,653,154	2,511,629
2005-06	48.3	569,872,518	2,752,484
2006-07	48.4	605,287,251	2,929,590
2007-08	48.3	625,038,282	3,018,935
2008-09	48.4	656,672,224	3,178,294
2009-10	48.4	712,399,290	3,448,013
2010-11	49.7	707,038,301	3,513,980
2011-12	52.5	723,507,638	3,798,415
2012-13	58.6	752,956,892	4,412,327
2013-14	56.3	841,311,935	4,736,586
2014-15	58.5	794,277,096	4,646,521
2015-16	61.0	850,693,315	5,189,229
2016-17	63.1	940,801,428	5,936,457
2017-18	54.6	861,906,766	4,706,011
2018-19	59.4	811,647,605	4,821,187
2019-20	74.4	838,550,101	6,238,813
2020-21	68.2	862,945,991	5,885,292
2021-22	65.4	881,355,078	5,764,062
2022-23	65.2	906,856,423	5,912,704

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Lawrence County School District or other issuing agency within Lawrence County as reported by the State Local Debt Officer for the period ending June 30, 2023.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Lawrence			
General Obligation	621,123	551,225	69,898
Water Revenue	500,000	201,000	299,000
Roads Revenue	250,000	0	250,000
Refunding Revenue	9,416,000	0	9,416,000
City of Louisa			
General Obligation	215,000	157,917	57,083
Water & Sewer Revenue	1,513,000	472,370	1,040,630
Refinancing Refunding	1,025,000	890,000	135,000
Multiple Purposes Revenue	1,885,000	445,000	1,440,000
Special Districts			
Lawrence County Extension District	750,000	315,000	435,000
Lawrence County Public Library	1,397,000	170,000	1,227,000
Totals:	16,175,123	1,805,512	14,369,611

Source: 2023 Kentucky Local Debt Report.

SEEK ALLOTMENT

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education.

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	10,216,122	1,874,375	12,090,497
2001-02	9,971,060	2,082,422	12,053,482
2002-03	9,782,023	2,291,766	12,073,789
2003-04	10,104,420	2,386,947	12,491,367
2004-05	10,418,735	2,511,629	12,930,364
2005-06	10,908,251	2,752,484	13,660,735
2006-07	10,902,379	2,929,590	13,831,969
2007-08	11,485,041	3,018,935	14,503,976
2008-09	10,934,889	3,178,294	14,113,183
2009-10	9,295,216	3,448,013	12,743,229
2010-11	10,000,934	3,513,980	13,514,914
2011-12	10,361,962	3,798,415	14,160,377
2012-13	10,115,722	4,412,327	14,528,049
2013-14	9,725,409	4,736,586	14,461,995
2014-15	10,480,522	4,646,521	15,127,043
2015-16	10,636,893	5,189,229	15,826,122
2016-17	10,692,509	5,936,457	16,628,966
2017-18	10,906,973	4,706,011	15,612,984
2018-19	11,232,648	4,821,187	16,053,835
2019-20	10,973,679	6,238,813	17,212,492
2020-21	10,526,266	5,885,292	16,411,558
2021-22	11,394,716	5,764,062	17,158,778
2022-23	11,931,059	5,912,704	17,843,763

(1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at $100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.

(2) The Board established a current equivalent tax rate (CETR) of $0.6520 for FY 2022-23. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.

ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.

iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:

a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or

b) fails to comply with the law.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income on certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE; EXEMPTION

As a result of the principal amount of Bonds being offered not exceeding $1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

The Board and Corporation have been timely in making required filings under the terms of the Continuing Disclosure Agreement for the past five years.

Financial information regarding the Board may be obtained from Superintendent, Lawrence County Board of Education, 50 Bulldog Lane, Louisa, Kentucky 41230, Telephone (606) 638-9671.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

(A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and will not be a specific item of tax preference for purposes of Federal income taxation. However, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minium tax imposed on corporations for tax years beginning after December 31, 2022.

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

The Corporation will provide the purchaser the customary no-litigation certificate, and the final approving Legal Opinions of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

Original Issue Premium

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

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

Original Issue Discount

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

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

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

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Board or Corporation taken with respect to the issuance or sale thereof or (ii) which if successful would have a material adverse effect on the financial condition of the Board.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Steptoe & Johnson PLLC, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Resolution and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general information concerning the Corporation or District, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

BOND RATING

As noted on the cover page of this Official Statement, Moody's Investors Service has given the Bonds the indicated rating. Such rating reflects only the respective views of such organization. Explanations of the significance of the rating may be obtained from the rating agency. There can be no assurance that such rating will be maintained for any given period of time or will not be revised or withdrawn entirely by the rating agency, if in their judgement circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Municipal Advisor in connection with the issuance of the Bonds. RSA's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Lawrence County School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the Lawrence County Board of Education or the Municipal Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations 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 the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Lawrence County School District and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Municipal Advisor or by Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in the light of the circumstances under which they were made, not misleading in any material respect.

By /s/______________________
President

By /s/______________________
Secretary

APPENDIX A

Lawrence County School District Finance Corporation
School Building Revenue Bonds
Second Series of 2023

Demographic and Economic Data

LAWRENCE COUNTY, KENTUCKY

Louisa, the county seat of Lawrence County, lies on the Kentucky-West Virginia border in the northeastern section of Kentucky's Eastern Coal Field Region. Lawrence County's eastern border is formed by the Big Sandy River. Its river valleys become narrower and the elevation generally higher as one moves westward.

Louisa is located 33 miles south of Ashland, Kentucky; 34 miles southwest of Huntington, West Virginia; 244 miles northeast of Knoxville, Tennessee; and 205 miles east of Louisville, Kentucky. Louisa has an estimated 2023 population of 2,706. Lawrence County, with a land area of 418 square miles, has a 2023 population of 16,323.

The Economic Framework

In 2022, Lawrence County had a labor force of 4,866 people with an unemployment rate of 5.4%. The top 5 jobs by occupation were as follows: Office and Administrative Support - 389 (13.21%); Food Preparation, Serving - 312 (10.59%); Sales - 306 (10.39%); Education, Training/Library - 294 (9.98%); and Executive, Managers, and Administrators - 239 (8.12%).

Transportation

U.S. Highway 23, a "AAA"-rated (80,000-pound gross load limit) trucking highway, serves Louisa and provides access to Interstate 64, 25 miles north of the city. Kentucky Highways 3 and 32, both "AA"-rated (62,000-pound gross load limit) trucking highways, also serve Louisa. U.S. Highway 52 is accessible two miles east of Louisa in West Virginia via West Virginia Route 37. Fourteen common carrier trucking companies serve Louisa, providing interstate and/or intrastate service. CSX Transportation provides main line rail service to Louisa. The nearest scheduled commercial airline service is available at Tri-State Airport, 31 miles northeast of Louisa near Huntington, West Virginia.

Power and Fuel

American Electric Power services the City of Louisa and a major portion of Lawrence County. Big Sandy Rural Electric Cooperative Corporation and Grayson Rural Electric Cooperative Corporation serve portions of southern and southwestern Lawrence County. Columbia Gas of Kentucky provides natural gas service to Louisa.

LOCAL GOVERNMENT

Structure

The City of Louisa is governed by a mayor and six council members. The mayor serves a four-year term, while the council members each serve two-year terms. Lawrence County is governed by a county judge/executive and four magistrates. Each county official serves a four-year term.

Planning and Zoning

Joint agency - Lawrence County Zoning Board
Zoning enforced - County-wide
Subdivision regulations enforced - County-wide
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

LABOR MARKET STATISTICS

The Cynthiana Labor Market Area includes Lawrence County and the adjoining Kentucky counties of Bourbon, Bracken, Fayette, Grant, Nicholas, Pendleton, Robertson, and Scott.

The Louisa Labor Market Area includes Lawrence County and the adjoining Kentucky counties of Boyd, Carter, Elliott, Johnson, Martin, and Morgan. The Labor Market Area is supplemented by Wayne County in West Virginia, which forms the eastern boundary of Lawrence County.

Population

Area	2021	2022	2023
Lawrence County	16,255	16,803	16,323

Source: Kentucky Cabinet for Economic Development.

Population Projections

Area	2025	2030	2035
Lawrence County	15,378	14,979	14,515

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development.

EDUCATION

Public Schools

	Lawrence County
Total Enrollment (2021-22)	2,342
Pupil to Teacher Ratio	14 - 1

Technical Schools

Name	Location	Enrollment (2021-2022)
Belfry ATC	Belfry, KY	514
Breathitt County ATC	Jackson, KY	489
Floyd County ATC (GARTH)	Martin, KY	246
Greenup County ATC	Greenup, KY	434
Knott County ATC	Hindman, KY	266
Martin County ATC	Inez, KY	309
Millard ATC	Millard, KY	277
Morgan County ATC	West Liberty, KY	371
Russell ATC	Russell, KY	414

Source: Kentucky Department of Education

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Colleges and Universities

Institution	Location	Enrollment (Fall 2021)
Alice Lloyd College	Pippa Passes, KY	613
Morehead State University	Morehead, KY	8,314
University of Pikeville	Pikeville, KY	1,368

Source: US News & World Report

APPENDIX B

Lawrence County School District Finance Corporation
School Building Revenue Bonds
Second Series of 2023

Audited Financial Statement ending June 30, 2022

LAWRENCE COUNTY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

For the year ended June 30, 2022

WELLS & COMPANY, P.S.C.
Certified Public Accountants
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LAWRENCE COUNTY SCHOOL DISTRICT

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LAWRENCE COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

WELLS & COMPANY, P.S.C.
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Lawrence County School District
Louisa, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawrence County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Lawrence County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawrence County School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for school district audits in the Independent Auditor's Contract. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lawrence County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note T to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases, effective as of July 1, 2021. The implementation of this accounting standard resulted in a restatement of prior period net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4-7, budgetary comparison information on pages 54-55, and CERS and KTRS schedules and notes on pages 56-66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawrence County School District's basic financial statements. The combining and individual nonmajor fund financial statements and the school activity funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, school activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, school activity funds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of the Lawrence County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lawrence County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawrence County School District's internal control over financial reporting and compliance.

Wells & Company, PSC

Certified Public Accountants
Paintsville, Kentucky
October 17, 2022

LAWRENCE COUNTY SCHOOL DISTRICT – LOUISA, KY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022

As management of the Lawrence County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was $2,076,878 in 2021 and $11,485,683 in 2022. This is an increase of $9,408,805. Much of this difference can be explained by a huge balance in accounts receivable and the state monies received in the construction account.

- From 2022 to 2021, total General Fund revenue increased by 5.6%. Revenue from the state increased by 49.4%. Revenues from federal sources increased by 245.3%. Revenues from other local revenues increased by 59.8%. Revenues from property taxes decreased by 2.6%.

- Among major funds, the General Fund had $23.6 million in revenue, which primarily consisted of local property, utilities, and motor vehicle taxes, federal programs and state funding. There were $24.3 million in expenditures.

- A concerted effort was focused on purchasing in the areas of supplies, food, and travel resulting in several economies due to changed management strategies.

- During the fiscal year, the District purchased ten new school buses.

- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education's (KDE) stringent compliance regulations. Overall, the District's total debt decreased by $636,656 during the current fiscal year including capital lease principal payments and while issuing a $460,000 bond with an interest rate ranging from 2.0% - 2.5% for construction.

- State law requires districts to update a priority list of construction and renovation needs, called a local facilities plan, every four years. The document guides the allocation of School Facilities Construction Commission dollars. To be eligible to share in that money, the District has currently updated its facilities plan. With the age and size of our facility, there is a focus on investing in plant management.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 8 through 9 of this report.

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

The basic governmental fund financial statements can be found on pages 10 through 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 53 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and general fixed assets), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position for the period ending June 30, 2022 and 2021

This is the twentieth year that the District is following GASB 34 and comparing assets, liabilities and net position. 2022 Government Wide Net Position compared to 2021 are as follows:

	2022	2021
Current Assets	$ 14,984,143	$ 4,093,215
Noncurrent Assets	26,740,550	26,091,681
Total assets	41,724,693	30,184,896
Deferred Outflows of Resources	5,221,691	5,380,302
Current Liabilities	2,949,210	1,820,880
Noncurrent Liabilities	23,052,456	27,103,170
Total liabilities	26,001,666	28,924,050
Deferred Inflows of Resources	6,081,094	2,982,592
Net Position		
Net investment in capital assets	17,930,887	16,657,862
Restricted	9,777,467	(1,057,148)
Unrestricted Fund Balance	(12,844,730)	(11,942,158)
Total net position	$ 14,863,624	$ 3,658,556

There has been no significant change in the financial position of the District since the last audit.

The following table presents a fund accounting comparison and summary of revenue and expense for government funds only for the fiscal years 2022 and 2021.

	2022	2021
Revenues:		
Local revenue sources	$ 6,643,295	$ 6,231,937
State revenue sources	29,358,435	19,643,581
Federal revenue	9,369,899	3,819,561
Total revenues	45,371,629	29,695,079
Expenditures:		
Instruction	21,528,697	17,834,948
Student support services	765,897	729,526
Instructional support	1,507,893	1,195,784
District administration	623,582	463,530
School administration	1,184,221	1,147,125
Business support	430,684	418,901
Plant operations	5,120,739	3,868,266
Student transportation	3,111,665	1,884,719
Central office support	-	-
Facilities acquisition and construction	298,092	125,126
Community support	258,839	255,436
Other	1,826,417	2,056,509
Total expenses	36,656,726	29,979,870
Excess (deficit) of revenues over expenses	**8,714,903**	**(284,791)**
Other Financing Sources (Uses):		
Bond sale proceeds	460,000	-
Proceeds from sale of assets	-	20,799
Operating transfer in	1,350,333	1,280,688
Operating transfer out	(1,247,561)	(1,187,431)
Total other financing sources (uses)	**562,772**	**114,056**
Net change in fund balance	**$ 9,277,675**	**$ (170,735)**

CAPITAL ASSETS

At the end of fiscal 2022, the District had $26.74 million invested in capital assets, including land, buildings, buses, computers and other equipment. This amount represents a net increase (including additions and deductions) of $.65 million over last year. This increase is primarily due to ten buses were purchased in fiscal 2022.

Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	$ .33	$ .33	$ -	$ -	$ .33	$ .33
Buildings & Improvements	17.33	18.13	-	-	17.33	18.13
Technology Equipment	-	.01	-	-	-	.01
Vehicles	2.39	1.31	-	-	2.39	1.31
General Equipment	.25	.23	.29	.32	.54	.55
Infrastructure	.04	.04	-	-	.04	.04
Construction in Progress	6.01	5.72	-	-	6.01	5.72
Right to Use Lease	.10	-	-	-	.10	-
Totals	$26.45	$25.77	$ .29	$ .32	$26.74	$26.09

- On-behalf amounts are included in revenues and expenses. On-behalf payments as defined by KDE are payments the state makes on behalf of employees to the various agencies for health and life insurance, benefits and administration fees and debt service. Further discussion of these can be found in Note B. Expenses that increased from 2021 to 2022 include instruction, student support, instructional support, district administration, school administration, business support, plant operations and maintenance, student transportation, central office support, facilities acquisition and construction, and community support.

The changes in the balances and transactions of individual funds have not been material. Changes in final budget when compared to original are not material.

- The majority of revenue in 2022 was derived from state funding (65%) as compared with fiscal year 2021 (66%) with federal revenue making up (21%) of total revenue in 2022 compared to (12%) in 2021.

Comments on Budget Comparisons

- The District's General Fund total revenues for the fiscal year ended June 30, 2022, net of interfund transfers, were $23.6 million.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being $3,982,346 more than budget.
- The total cost of all General Fund programs and services was $24.3 million net of debt service.
- General Fund budget expenditures to actual varied significantly in instruction $3,293,375. This resulted from the Board recording the on-behalf payments made for the District and increase in expenditures.

DEBT SERVICE

At year end, the District had approximately $8.82 million in outstanding debt, compared to $9.46 million last year. The District continues to maintain favorable debt ratings from Moody's and Standard & Poor's.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget with $1.46 million in contingency (4%). The General Fund beginning cash balance for beginning the fiscal year was $1.10 million.

Questions regarding this report should be directed to the Superintendent or by mail at 50 Bulldog Lane, Louisa, Ky 41230.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 10,767,649	$ 711,778	$ 11,479,427
Inventory	-	25,643	25,643
Accounts receivable			
Taxes - current	102,203	-	102,203
Taxes - delinquent	-	-	-
Accounts receivable	9,359	-	9,359
Intergovernmental - state	170,494	-	170,494
Intergovernmental - indirect federal	3,008,510	188,507	3,197,017
Total current assets	14,058,215	925,928	14,984,143
Noncurrent Assets:			
Capital assets leased, being amortized, net	101,691	-	101,691
Capital assets, not being depreciated	6,349,468	-	6,349,468
Capital assets, being depreciated, net	20,003,882	285,509	20,289,391
Total noncurrent assets	26,455,041	285,509	26,740,550
Total assets	40,513,256	1,211,437	41,724,693
Deferred Outflows of Resources:			
Deferred outflows related to pensions	1,472,086	323,141	1,795,227
Deferred outflows related to OPEB	3,100,518	313,446	3,413,964
Refunding of debt	12,500	-	12,500
Total deferred outflows of resources	4,585,104	636,587	5,221,691
Liabilities			
Current Liabilities:			
Accounts payable	739,496	80	739,576
Payroll liabilities	187,802	-	187,802
Unearned revenue	746,616	-	746,616
Current portion of bond obligations	1,004,837	-	1,004,837
Current portion of capital lease	211,455	-	211,455
Interest payable	58,924	-	58,924
Total current liabilities	2,949,130	80	2,949,210
Noncurrent Liabilities:			
Noncurrent portion of capital lease	934,741	-	934,741
Noncurrent portion of bond obligations, net of discounts $67,304	6,671,130	-	6,671,130
Noncurrent portion of accrued sick leave	101,638	-	101,638
Noncurrent portion of net pension liability	7,210,446	1,582,781	8,793,227
Noncurrent portion of net OPEB liability	6,076,570	475,150	6,551,720
Total noncurrent liabilities	20,994,525	2,057,931	23,052,456
Total liabilities	23,943,655	2,058,011	26,001,666
Deferred Inflows of Resources:			
Deferred inflows related to pensions	1,456,825	319,791	1,776,616
Deferred inflows related to OPEB	4,046,812	257,666	4,304,478
Total deferred inflows of resources	5,503,637	577,457	6,081,094
Net Position:			
Net investment in capital assets	17,645,378	285,509	17,930,887
Restricted for:			
SFCC escrow	903,820	-	903,820
Future construction	9,512,431	-	9,512,431
Sick leave	101,638	-	101,638
Debt service	2,400	-	2,400
District activity	34,006	-	34,006
Student activity	296,125	-	296,125
Food service	-	(1,072,953)	(1,072,953)
Unrestricted	(12,844,730)	-	(12,844,730)
Total net position	$ 15,651,068	$ (787,444)	$ 14,863,624

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	$ 21,826,208	$ -	$ 5,984,589	$ -	$ (15,841,619)	$ -	$ (15,841,619)
Support services:							
Student	796,991	-	3,257	-	(793,734)	-	(793,734)
Instructional staff	1,507,893	-	682,647	-	(825,246)	-	(825,246)
District administrative	638,051	-	-	-	(638,051)	-	(638,051)
School administrative	1,184,221	-	-	-	(1,184,221)	-	(1,184,221)
Business	430,684	-	-	-	(430,684)	-	(430,684)
Plant operation and maintenance	5,710,157	-	2,035,835	-	(3,674,322)	-	(3,674,322)
Student transportation	2,017,836	-	913,144	-	(1,104,692)	-	(1,104,692)
Central office	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,393,074	1,393,074	-	1,393,074
Community service activities	258,839	-	258,839	-	-	-	-
Interest on long-term debt	399,153	-	-	-	(399,153)	-	(399,153)
Other	327,204	-	252,765	-	(74,439)	-	(74,439)
Total governmental activities	35,097,237	-	10,131,076	1,393,074	(23,573,087)	-	(23,573,087)
Business-Type Activities:							
Food service	1,190,036	20,478	2,082,288	-	-	912,730	912,730
Total primary government	$ 36,287,273	$ 20,478	$ 12,213,364	$ 1,393,074	(23,573,087)	912,730	(22,660,357)
			General Revenues:				
			Taxes:				
			Property taxes		4,268,787	-	4,268,787
			Motor vehicle taxes		463,906	-	463,906
			Utility taxes		1,158,548	-	1,158,548
			Investment earnings		24,892	4,246	29,138
			State and formula grants		27,252,114	-	27,252,114
			Transfers		102,772	(102,772)	-
			Miscellaneous		679,232	-	679,232
			Changes in net position		10,377,164	814,204	11,191,368
			Net position - beginning		5,260,204	(1,601,648)	3,658,556
			Net position adjustment (Note T)		13,700	-	13,700
			Net position - ending		$ 15,651,068	$ (787,444)	$ 14,863,624

See independent auditor's report and accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

LAWRENCE COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets and Resources:					
Cash and cash equivalents	$ 22,024	$ -	$ 9,517,515	$ 1,228,110	$ 10,767,649
Interfund receivable	1,832,307	-	-	-	1,832,307
Accounts receivable					
Taxes - current	102,203	-	-	-	102,203
Taxes - delinquent	-	-	-	-	-
Accounts receivable	-	-	-	9,359	9,359
Intergovernmental - state	-	170,494	-	-	170,494
Intergovernmental - indirect federal	-	3,008,510	-	-	3,008,510
Total assets and resources	$ 1,956,534	$ 3,179,004	$ 9,517,515	$ 1,237,469	$ 15,890,522
Liabilities and Fund Balances:					
Liabilities					
Interfund payable	$ -	$ 1,832,307	$ -	$ -	$ 1,832,307
Accounts payable	133,213	600,081	5,084	1,118	739,496
Payroll liabilities	187,802	-	-	-	187,802
Unearned revenue	-	746,616	-	-	746,616
Total liabilities	321,015	3,179,004	5,084	1,118	3,506,221
Fund Balances:					
Restricted For:					
SFCC escrow	-	-	-	903,820	903,820
Future construction	-	-	9,512,431	-	9,512,431
Sick leave payable	101,638	-	-	-	101,638
Debt service	-	-	-	2,400	2,400
District activity	-	-	-	34,006	34,006
Student activity	-	-	-	296,125	296,125
Unassigned:					
Undesignated, reported in:					
General fund	1,533,881	-	-	-	1,533,881
Total fund balances	1,635,519	-	9,512,431	1,236,351	12,384,301
Total liabilities and fund balances	$ 1,956,534	$ 3,179,004	$ 9,517,515	$ 1,237,469	$ 15,890,522

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

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

June 30, 2022

Total fund balance per fund financial statement	$ 12,384,301
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the Statement of Net Position.	26,455,041
Refunding of debt is reported as part of deferred outflows of resources and is not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the Statement of Net Position.	12,500
Pension contributions after measurement date are reported as a deferred outflows of resources.	666,571
OPEB contributions after measurement date are reported as deferred outflows of resources.	253,226
Net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(7,210,446)
Net OPEB liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(6,076,570)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, but they are presented in the statement of net position, as follows:	
Deferred pension outflows of resouces	805,515
Deferred OPEB outflows of resources	2,847,292
Deferred pension inflows of resources	(1,456,825)
Deferred OPEB inflows of resources	(4,046,812)
Certain liabilities (such as capital leases, bonds payable - net of discount, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the Statement of Net Position.	(8,982,725)
Net position for governmental activities	$ 15,651,068

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the year ended June 30, 2022

	General Fund	Special Revenue	Construciton Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources					
Taxes					
Property	$ 4,268,787	$ -	$ -	$ -	$ 4,268,787
Motor vehicle	463,906	-	-	-	463,906
Utilities	717,870	-	-	440,678	1,158,548
Tuition and fees	-	-	-	-	-
Earnings on investments	24,892	-	-	-	24,892
Other local revenues	154,508	47,930	-	524,724	727,162
Intergovernmental – state	17,774,033	1,099,541	9,280,350	1,204,511	29,358,435
Intergovernmental – indirect federal	197,731	8,983,605	-	188,563	9,369,899
Total revenues	23,601,727	10,131,076	9,280,350	2,358,476	45,371,629
Expenditures:					
Instruction	15,003,991	6,031,801	-	492,905	21,528,697
Support services:					
Student	762,640	3,257	-	-	765,897
Instructional staff	825,246	682,647	-	-	1,507,893
District administrative	623,582	-	-	-	623,582
School administrative	1,184,221	-	-	-	1,184,221
Business	430,684	-	-	-	430,684
Plant operation and maintenance	3,084,904	2,035,835	-	-	5,120,739
Student transportation	2,198,521	913,144	-	-	3,111,665
Central office	-	-	-	-	-
Facilities acquisition and construction	-	-	298,092	-	298,092
Community service activities	-	258,839	-	-	258,839
Other	225,412	252,765	-	1,348,240	1,826,417
Total expenditures	24,339,201	10,178,288	298,092	1,841,145	36,656,726
Excess (deficit) of revenues over expenditures	(737,474)	(47,212)	8,982,258	517,331	8,714,903
Other Financing Sources (Uses):					
Bond proceeds	-	-	-	460,000	460,000
Proceeds from sale of assets	-	-	-	-	-
Operating transfers in	102,772	47,212	442,385	757,964	1,350,333
Operating transfers out	(87,721)	-	-	(1,159,840)	(1,247,561)
Non operating transfers in	-	-	-	-	-
Non operating transfers out	-	-	-	-	-
Total other financing sources (uses)	15,051	47,212	442,385	58,124	562,772
Net change in fund balance	(722,423)	-	9,424,643	575,455	9,277,675
Fund balance, July 1, 2021	2,357,942	-	87,788	660,896	3,106,626
Fund balance, June 30, 2022	$ 1,635,519	$ -	$ 9,512,431	$ 1,236,351	$ 12,384,301

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

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

For the year ended June 30, 2022

Net change in total fund balances per fund financial statements	$ 9,277,675
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the Statement of Activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation for the year.	681,439
The issuance of long-term debt (bonds and financial obligations) provides current financial resources to government funds, while bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the Statement of Net Position.	610,456
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accured interest payable.	29,604
Changes in pension and OPEB expense are reported only in the statement of activities.	(234,267)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when they are incurred.	12,257
Change in net position of governmental activities	$ 10,377,164

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2022

		Food Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	$	711,778
Inventory		25,643
Accounts receivable		
Intergrovernmental - indirect federal		188,507
Total current assets		925,928
Noncurrent Assets:		
Capital assets, net of accumulated depreciation		285,509
Total noncurrent assets		285,509
Total assets		1,211,437
Deferred Outflows of Resources:		
Deferred outflows related to pensions		323,141
Deferred outflows related to OPEB		313,446
Total deferred outflows of resources		636,587
Liabilities		
Current Liabilities:		
Accounts payable		80
Total current liabilities		80
Noncurrent Liabilities:		
Net pension liability		1,582,781
Net OPEB liability		475,150
Total noncurrent liability		2,057,931
Total liabilities		2,058,011
Deferred Inflows of Resources:		
Deferred inflows related to pensions		319,791
Deferred inflows related to OPEB		257,666
Total deferred inflows of resources		577,457
Net Position:		
Net investment in capital assets		285,509
Restricted		(1,072,953)
Total net position	$	(787,444)

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUND

For the year ended June 30, 2022

	Food Service Fund
Operating Revenues:	
Lunchroom sales	$ 20,478
Total operating revenues	20,478
Operating Expenses:	
Employee wages and benefits	447,334
Materials and supplies	666,671
Depreciation	32,570
Other operating expenses	43,461
Total operating expenses	1,190,036
Operating loss	(1,169,558)
Non-Operating Revenues (Expenses):	
Federal grants	1,799,330
Donated commodities	111,591
State grants	171,367
Interest income	4,246
Transfers out	(102,772)
Total non-operating revenues	1,983,762
Change in net position	814,204
Net Position, July 1, 2021	(1,601,648)
Net Position, June 30, 2022	$ (787,444)

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the year ended June 30, 2022

Cash Flows from Operating Activities:	
Cash received from:	
Lunchroom sales	$ 20,478
Cash paid to/for:	
Employees	(640,694)
Material and supplies	(565,928)
Other activities	(43,461)
Net cash provided by (used for) operating activities	(1,229,605)
Cash Flows from Noncapital Financing Activities:	
Government grants	1,825,723
Transfers out	(102,772)
Net cash provided by noncapital and related financing activities	1,722,951
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	-
Net cash used for capital and related financing activities	-
Cash Flows from Investing Activities:	
Receipt of interest income	4,246
Net cash provided by investing activities	4,246
Net (decrease) in cash and cash equivalents	497,592
Balances, beginning of year	214,186
Balances, end of year	$ 711,778
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating (loss)	$ (1,169,558)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	32,570
Donated commodities	111,591
On-behalf payments	167,893
Change in assets and liabilities	
Inventory	(10,353)
Deferred outflows/inflows and net pension liability	(361,253)
Accounts payable	(495)
Net cash provided by (used for) operating activities	$ (1,229,605)
Schedule of non-cash transactions:	
Donated commodities received from federal government	$ 111,591
On-behalf payments	$ 167,893

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2022

	Permanent Trust Fund
Assets:	
Cash and cash equivalents	$ 6,256
Accounts receivable	-
Total assets	$ 6,256
Liabilities:	
Accounts payable	$ -
Due student groups	-
Total liabilities	-
Net position held in trust	$ 6,256

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the year ended June 30, 2022

		Permanent Trust Fund
Additions:		
Other local revenues	$	9,356
Total revenues		9,356
Deductions:		
Community service activities		7,100
Total expenditures		7,100
Change in net position		2,256
Net Position, July 30, 2021		4,000
Net Position, July 30, 2022	$	6,256

See independent auditor's report and accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lawrence County School District have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Superintendent of Schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education. The following is a summary of the more significant of these policies.

Reporting Entity

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

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

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

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

Lawrence County School District Finance Corporation – In a prior year the Board of Education resolved to authorize the establishment of the Lawrence County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the changes in fund balance. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. Accordingly, the Statement of Revenues, Expenses, and Changes in Net Position for the proprietary fund reports increases and decreases in total economic net worth. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The district may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

The District has the following funds:

I. Governmental Fund Types

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

(B) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District

(C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

II. Proprietary Fund Type (Enterprise Fund)

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

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

III. Fiduciary Fund Type (Agency and Trust Funds)

The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds. The permanent trust fund is accounted for as an expendable trust fund on the modified accrual basis.

Basis of Accounting

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Due to GASB 65, this now has been re-characterized as unearned revenue.

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned revenue.

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

Property Taxes

Property Tax Revenues – Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were $.575 per $100 valuation for real property, $.587 per $100 valuation for business personal property and $.35 per $100 valuation for motor vehicles.

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

Capital Assets

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

Capital asset that are leased (GASB 87) are recorded at present value of the leased asset and is amortized over the life of the lease. See Note F for vehicle lease under (GASB 87) for further detail.

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the General Fund. The noncurrent portion of the liability is not reported.

Budgetary Process

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than $50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all grants.

Cash and Cash Equivalents

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

Inventories

On government-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The Food Service Fund is stated at cost and uses the specific identification method and the General Fund is stated at cost and uses the first-in, first-out method for inventory.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

In-Kind

Local contributions, which include contributed services provided by individuals, private Districts and local governments, are used to match federal and state administered funding on various grants. The District also receives commodities from the USDA. The amounts of such services and commodities are recorded in the accompanying financial statements at their estimated fair market values.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

The permanent funds record investments at their quoted market value prices for purposes of the Statement of Net Position. All realized gains and losses and changes in fair value are recorded in the Statement of Activities. Long-term investments are not recorded on the fund financial statements nor are unrealized gains and losses.

Accrued Liabilities and Long-Term Obligations

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has fourteen items that qualifies for reporting in this category. It is the deferred charge on refunding of debt reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, the other items are the District pension contribution subsequent to measurement date, the difference between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, change of assumptions, and the change in proportion and differences between employer contributions and proportionate share of contributions. In addition, we have OPED (CERS) contributions subsequent to measurement date, the difference between expected and actual experience, change of assumptions, the change in proportion and differences between employer contributions and proportionate share of contributions, and the net difference between projected and actual investment earnings on OPEB plan investments. Then we have OPEB (KTRS) contributions subsequent to measurement date, changes of assumptions, and changes in proportion and differences between District contributions and proportionate share of contributions.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has ten items that qualifies in this category. For pensions it is the difference between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, and the change in proportion and differences between employer contributions and proportionate share of contributions. In addition, for OPED (CERS) it is the difference between expected and actual experience, net difference between projected and actual investment earnings on OPEB plan investments, change of assumptions, and the change in proportion and difference between employer contributions and proportionate share of contributions. Then we have OPED (KTRS) difference between expected and actual experience, net difference between projected and actual earnings on investments, and changes in proportion and differences between District contributions and proportionate share of contributions.

Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund equity reserves have been established for inventories and fixed assets.

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable includes amounts that must be maintained intact legally or contractually.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Spendable include the following:

- Restricted-amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed-amounts constrained for a specific purpose by the district using its highest level of decision making authority.
- Assigned-for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the General Fund, amounts constrained by intent to be used for a specified purpose by the District or the delegated county committee or official given authority to assign amounts.
- Unassigned-for the General Fund, amounts not classified as non-spendable, restricted, committed or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

For resources considered committed, the district issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the district has designated the board to carry out the intent of the school district.

It is policy of the District to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned and unassigned resources will be spent in that order on the activity.

Encumbrances, although not reported on the Balance Sheet, are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the district incurs no liability until performance has occurred on the part of the party with whom the district has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Significant encumbrances at year end are reported by major funds and non-major funds in the aggregate and included with the commitments and contingencies note disclosure, if applicable.

Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the district-wide financial statements. Net positions are classified in the following categories:

Net investments in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

Operating Revenues and Expenses

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions of Capital

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

Interfund Activity

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

Pension

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 pension plan's fiduciary net position and additions to/deductions from plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB plan's fiduciary net position and additions to /deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by 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.

Recent Accounting Pronouncements

In February 2017, the GASB issued Statement No. 84, *Fiduciary Activities* ("GASB 84"). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. Generally, the focus of the criteria relates to (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. Additionally, GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust, or an equivalent arrangement, that meets specific criteria. Finally, it provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB 84 will be effective for the District beginning with its year ending June 30, 2021.

In June 2017, the GASB issued Statement No. 87 *Leases* ("GASB 87"), which establishes standards of accounting and financial reporting for leases by lessees and lessors. GASB 87 (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contact; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the District beginning with its year ending June 30, 2021 and will be applied retroactively by restating financial statements. Management is currently evaluating the impact of this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* ("GASB 88"), which seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, while providing financial statement users with additional essential information concerning debt. In particular, GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date that the contractual obligation is established, and it clarifies which liabilities governments should include when disclosing information related to debt. Furthermore, this Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including (1) unused lines of credit; (2) assets pledged as collateral for the debt; and (3) terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. GASB 88 will be effective for the District beginning with its year ending June 30, 2019. The adoption of this standard did not have a material effect on the District's financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"), which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus, and thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the District beginning with its year ending June 30, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020 ("GASB 92")*. GASB 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. Provisions related to insurance-related activities of public entity risk pools and derivative instruments were effective upon issuance. All other provisions will be effective for the District beginning with its year ending June 30, 2022. Adoption of the provisions required upon issuance did not have a material effect on the District's financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will be effective for the District beginning with its year ending June 30, 2023. Management is currently evaluating the impact of this Statement on its financial statements.

NOTE B – ON-BEHALF PAYMENTS

For the year ended June 30, 2022, on-behalf payments were made on behalf of the District for KTRS GASB 68 $3,564,860, KTRS GASB 75 $262,804, TRS GASB 75 LIF $6,472, Health insurance $2,822,089, Life

NOTE B – ON-BEHALF PAYMENTS - CONTINUED

insurance $4,730, Administrative fee $37,784, HRA/Dental/Vision $184,363, Federal reimbursement ($230,850), KEN services $73,991, AT&T Firewall Services $16,775, Munis financial management software and services $7,043, McAfee virus protection software and services $1,439, KISTA Capital lease payments $-0-, and SFCC debt service $390,706. The overall total payments for on-behalf were $7,142,206. In addition, $188,563 was made from federal sources to satisfy a QZAB Bond payment. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the Statement of Activities and the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance.

NOTE C – ESTIMATES

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

NOTE D – CASH AND CASH EQUIVALENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities in an amount sufficient to protect District's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation insurance.

At June 30, 2022, the carrying amount of the District's deposits was $11,485,683 and the bank balance was $11,804,830. The entire bank balance throughout the year was covered by federal depository insurance or by collateral held by the District's agent in the District's name.

The deposits were deemed collateralized under Kentucky law during the year. The Kentucky Department of Education maintains copies of all safekeeping receipts in the name of the District. The following is disclosed:

a. Name of bank: First State Bank

b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was $15,630,607

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Catergory 1 Deposits which are insured to collateralized with securities held by the District or by its agent in the District's name.

Catergory 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Catergory 3 Deposits which are not collateralized or insured.

As of June 30, 2022, based on these levels of risk, all of the District's cash deposits are classified as Catergory 2.

Breakdown per financial statements:

Government funds	$10,767,649
Proprietary funds	711,778
Permanent trust funds	6,256
	$11,485,683

NOTE E – INVESTMENTS

The District had no investments at June 30, 2022.

NOTE F – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities	Balance July 1, 2021	Additions	Deductions	Balance June 30,2022
Land	$ 334,650	$ -	$ -	$ 334,650
Buildings and improvements	36,622,920	16,292	-	36,639,212
Technology equipment	2,953,814	-	-	2,953,814
Vehicles	4,503,981	1,366,553	10,319	5,860,215
General equipment	1,514,814	46,324	-	1,561,138
Infrastructure	62,500	-	-	62,500
Construction in progress	5,716,727	298,091	-	6,014,818
Right to use leased assets	-	160,939	-	160,939
Totals at historical cost	51,709,406	1,888,199	10,319	53,587,286
Less: accumulated depreciation				
Buildings and improvements	18,489,566	824,597	-	19,314,163
Technology equipment	2,953,758	56	-	2,953,814
Vehicles	3,190,432	290,663	10,319	3,470,776
General equipment	1,285,641	29,332	-	1,314,973
Infrastructure	16,407	2,864	-	19,271
Right to use leased assets	-	59,248	-	59,248
Total accumulated depreciation	25,935,804	1,206,760	10,319	27,132,245
Governmental Activities Capital Assets – Net	$25,773,602	$ 681,439	$ -	$26,455,041
Business-Type Activities				
Food service equipment	$ 1,129,710	$ -	$ -	$ 1,129,710
Food service technology	7,419	-	-	7,419
Totals at historical cost	1,137,129	-	-	1,137,129
Less: accumulated depreciation				
Food service equipment	811,631	32,570	-	844,201
Food service technology	7,419	-	-	7,419
Total accumulated depreciation	819,050	32,570	-	851,620
Business-Type Activities Capital Assets – Net	$ 318,079	$ (32,570)	$ -	$ 285,509

Depreciation expense has been charged to the following functions in the statement of activities:

Instruction	$ 299,055
Student support services	31,094
District administrative	14,469
Plant operation and maintenance	589,418
Student transportation	272,724
Food service	32,570
	$1,239,330

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS

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

Issue Date	Amounts	Interest Rates
2009 Refinancing	$ 306,631	1.000% - 3.000%
2012 Refinancing	$ 2,020,000	0.500% - 1.900%
2012 Energy Bonds	$ 4,265,000	0.800% - 2.650%
2012 Revenue	$ 1,635,000	0.700% - 3.000%
2013 Revenue	$ 2,320,000	1.200% - 4.350%
2014 Revenue	$ 364,207	2.000% - 3.250%
2022 Revenue	$ 460,000	2.000% - 2.500%

The 2012R, 2012E, 2012, 2013, 2014, and 2022 bond issues were sold at a discount (premium) of $2,775, ($4,017), $32,679, $38,457, $707, and $3,415, respectively. These amounts are being amortized over the life of the respective debt.

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

In connection with the school revenue bonds issued after May 1, 1996, the District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

On February 1, 2022, the district issued $460,000 in School Building Revenue Bonds with an interest rate ranging from 2.000% to 2.500%. The School Facilities Construction Commission participation in this issue is $460,000.

On September 26, 2014, the district issued $364,207 in School Building Revenue Bonds (Series 2014) with an interest rate ranging from 2% to 3.25% to finance their self-insurance pools for workers compensation and liability insurance (KSBIT).

On September 1, 2013, the district issued $2,320,000 in School Building Revenue Bonds with an interest rate ranging from 1.200% to 4.350%. The School Facilities Construction Commission participation in this issue is $793,434 while the district portion is $1,526,566.

On January 1, 2012, the Lawrence County School District issued $2,020,000 in School Building Refunding Revenue Bonds with an interest rate ranging from 0.500% to 1.900% to advance refund $1,870,000 of outstanding 2003 Series Revenue Bonds with an average interest rate of 4.063%. The net proceeds of $1,988,403 (after payment of $31,880 fiscal agency fees and $2,775 of discount on bonds plus $3,058 of accrued interest) were used to provide $7,505 to open the Bond and Interest Redemption Fund for the 2012 issue, and $1,980,898 to partially refund the 2003 Series Revenue Bond Issue. As a result, $1,870,000 of 2003 Series Revenue Bonds are considered to be defeased. The School Facilities Construction Commission participation in this issue is $619,824 while the district portion is $1,400,176.

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS - CONTINUED

On January 1, 2012, the District advance refunded the 2003 Series Revenue Bonds to reduce its total debt service payments over the next 12 (twelve) years by approximately $174,731 and to obtain an economic growth (difference between the present values of the debt service payments on the old and new debt) of $152,184.

On January 1, 2012, the District issued $1,635,000 in School Building Revenue Bonds, (Series 2012) with interest ranging from .70% to 3.00% with an average interest rate of 2.22% to fund roof projects at Blaine Elementary, Fallsburg Elementary, Louisa East Elementary, and Louisa Middle School. This issue is funded 100% by SFCC.

On February 1, 2012, the District issued $4,265,000 in Energy Conservation Bonds, (Series 2012) with interest ranging from .80% to 2.65% with an average interest rate of 1.725% to fund an energy conservation project with Honeywell. Honeywell has guaranteed energy savings of $2,835,000 to be applied to the funding of this project. The School Facilities Construction Commission did not participate in this issue.

On December 29, 2009, the District issued $306,631 in bonds with an interest rate ranging from 1% to 3%. The School Facilities Construction Commission advance refunded the Series of 1998 H-1 KISTA SLIP Loan. The School Facilities Construction Commission will pay 100% of the Debt Service. Following the refinancing, a total savings of $34,914 was realized by the Commission and will be available to be applied toward the District's next Bond Issue.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022 for debt service (principal and interest) are as follows:

	LAWRENCE COUNTY SCHOOL DISTRICT		KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION		TOTAL REQUIREMENTS FOR YEAR
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2022-2023	$ 643,631	$ 104,178	$ 198,568	$ 58,912	$ 1,005,289
2023-2024	482,208	88,416	137,211	54,438	762,273
2024-2025	495,194	75,979	140,534	50,640	762,347
2025-2026	464,989	63,276	145,011	46,690	719,966
2026-2027	491,415	50,235	148,585	42,614	732,849
2027-2028	117,251	35,526	152,749	37,950	343,476
2028-2029	128,026	31,111	157,974	33,225	350,336
2029-2030	123,591	26,258	167,409	28,034	345,292
2030-2031	128,622	21,056	173,378	22,183	345,239
2031-2032	138,061	15,469	178,939	16,095	348,564
2032-2033	141,957	9,519	81,043	9,664	242,183
2033-2034	149,477	3,251	69,523	6,865	229,116
2034-2035	-	-	24,000	5,275	29,275
2035-2036	-	-	25,000	4,675	29,675
2036-2037	-	-	25,000	4,050	29,050
2037-2038	-	-	26,000	3,425	29,425
2038-2039	-	-	27,000	2,775	29,775
2039-2040	-	-	27,000	2,100	29,100
2040-2041	-	-	28,000	1,425	29,425
2041-2042	-	-	29,000	725	29,725
TOTALS	$3,504,422	$ 524,274	$1,961,924	$ 431,760	$ 6,422,380

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS - CONTINUED

During the year ended June 30, 2022 the District's debt obligation was as follows:

	BALANCE 6/30/21	ADDITIONS	REDUCTIONS	BALANCE 6/30/22	DUE WITHIN ONE YEAR
	$ 5,804,387	$ 460,000	$ 798,041	$ 5,466,346	$842,199
Less: Discount on bonds	(40,481)	3,415	(3,592)	(40,304)	-
	$ 5,763,906	$ 456,585	$ 794,449	$ 5,426,042	$842,199

QUALIFIED ZONE ACADEMY BONDS

The Lawrence County School District Finance Corporation issued $5,000,000 of Qualified Zone Academy Bonds (QZAB), Series 2012, December 1, 2012 under a guaranteed investment contract. The Kentucky School Facility Construction Commission is to make equal annual sinking fund payments to The Bank of New York Mellon Trust Company, an escrow agent, in the amount of $162,638 commencing December 1, 2013 and such amount shall be held and invested by the escrow agent for payment of $5,000,000 at the bonds maturity on December 1, 2035. The interest subsidy will be paid by the United States Treasury directly to the issuer or its designee paying agent and applied only to the payment of interest due on bonds or reimbursement to the issuer for such payment. The local board will be responsible for any amount the Unites States Treasury doesn't pay. The 2012 QZAB sold at a discount of $46,000. This amount is being amortized over the life of the respective debt. The minimum obligations of the funds at June 30, 2022 for the escrow and interest are as follows:

Year	Kentucky School Facilities Construction Commission	Federal Rebate	Total Requirements For Year
	Escrow	Interest	Total
2022-2023	$ 162,638	$ 200,000	$ 362,638
2023-2024	162,638	200,000	362,638
2024-2025	162,638	200,000	362,638
2025-2026	162,638	200,000	362,638
2026-2027	162,638	200,000	362,638
2027-2028	162,638	200,000	362,638
2028-2029	162,638	200,000	362,638
2029-2030	162,637	200,000	362,637
2030-2031	162,637	200,000	362,637
2031-2032	162,637	200,000	362,637
2032-2033	162,637	200,000	362,637
2033-2034	162,637	200,000	362,637
2034-2035	162,637	200,000	362,637
2035-2036	162,637	100,000	262,637
Totals	$2,276,925	$2,700,000	$4,976,925

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS - CONTINUED

During the year ended June 30, 2022 the District's QZAB debt obligation to the escrow was as follows:

	BALANCE 6/30/21	ADDITIONS	REDUCTIONS	BALANCE 6/30/22	DUE WITHIN ONE YEAR
	$2,439,563	$ -	$162,638	$2,276,925	$162,638
Less: Discount on bonds	(29,000)	-	(2,000)	(27,000)	-
	$2,410,563	$ -	$160,638	$2,249,925	$162,638

The District is required by GASB 68 and GASB 75 to account for net pension liability and net OPEB liability on the statement of net position. The district is not required to make any payments toward these liabilities.

During the year ended June 30, 2022, the District's changes in long term obligations for pensions and OPEB are as follows:

Governmental Activities	Balance 6/30/21	Additions	Reductions	Balance 6/30/22	Due Within One Year
Net pension liability	$ 8,487,123	$ -	$ 1,276,677	$ 7,210,446	$ -
Net OPEB liability	7,082,202	-	1,005,632	6,076,570	-
Total governmental activities	$15,569,325	$ -	$ 2,282,309	$13,287,016	$ -

Business - Type Activities	Balance 6/30/21	Additions	Reductions	Balance 6/30/22	Due Within One Year
Net pension liability	$ 2,393,805	$ -	$ 811,024	$ 1,582,781	$ -
Net OPEB liability	753,416	-	278,266	475,150	-
Total business - type activities	$ 3,147,221	$ -	$ 1,089,290	$ 2,057,931	$ -

NOTE H – CAPITAL LEASE PAYABLE

On April 6, 2021, the Kentucky Interlocal School Transportation Association (KISTA) entered into an equipment lease and security agreement with the Lawrence County School District. The District received $351,455 in transportation equipment (three school buses) and is required to make payments over a ten year period with an interest rate of 1.50%.

On March 11, 2020, the Kentucky Interlocal School Transportation Association (KISTA) entered into an equipment lease and security agreement with the Lawrence County School District. The District received $328,625 in transportation equipment (three school buses) and is required to make payments over a ten year period with an interest rate of 2.0%.

On March 6, 2019, the Kentucky Interlocal School Transportation Association (KISTA) entered into an equipment lease and security agreement with the Lawrence County School District. The District received $234,768 transportation equipment (two school buses) and is required to make payments over a ten year period with an interest rate of 3%.

NOTE H – CAPITAL LEASE PAYABLE - CONTINUED

On March 21, 2018, the Kentucky Interlocal School Transportation Association (KISTA) entered into an equipment lease and security agreement with the Lawrence County School District. The District received $247,578 in transportation equipment (two school buses) and is required to make payments over a ten year period with an interest rate ranging from 2% to 3%.

On March 1, 2016, the Kentucky Interlocal School Transportation Association (KISTA) entered into an equipment lease and security agreement with the Lawrence County School District. The District received $339,135 in transportation equipment (three school buses) and is required to make payments over a ten year period with an interest rate ranging from 2.00% to 2.625%.

On March 1, 2014, the Kentucky Interlocal School Transportation Association (KISTA) entered into an equipment lease and security agreement with the Lawrence County School District. The District received $406,263 in transportation equipment (four school buses) and is required to make payments over a ten year period with an interest rate ranging from 2% to 3%.

The following is a schedule of equipment lease payments, by years of the future minimum lease payments under capital lease:

Year	Principal	Interest	Total Requirements
2022-23	$ 189,555	$ 23,814	$ 213,369
2023-24	189,163	19,477	208,640
2024-25	148,278	14,995	163,273
2025-26	151,783	11,634	163,417
2026-27	118,213	8,148	126,361
2027-28	113,464	5,568	119,032
2028-29	85,870	3,144	89,014
2029-30	59,789	1,503	61,292
2030-31	30,532	457	30,989
TOTALS	$ 1,086,647	$ 88,740	$1,175,387

During the year ended June 30, 2022 the District's capital lease obligation was as follows:

BALANCE 6/30/21	ADDITIONS	REDUCTIONS	BALANCE 6/30/22	DUE WITHIN ONE YEAR
$1,284,350	$ -	$197,703	$1,086,647	$189,555

Asset Lease (Right to Use)

On October 21, 2019 the Enterprise Fleet Management entered in to a right to use 2020 Ram 1500 with a present value of $36,410. The lease is for 60 months with a monthly payment of $638.19. The lease is based on a discount rate average of 2%.

On October 21, 2019 the Enterprise Fleet Management entered in to a right to use 2020 Dodge Durango with a present value of $34,952. The lease is for 60 months with a monthly payment of $612.62. The lease is based on a discount rate average of 2%.

On October 16, 2017 the Enterprise Fleet Management entered in to a right to use 2018 Ram 1500 with a present value of $25,226. The lease is for 60 months with a monthly payment of $442.16. The lease is based on a discount rate average of 2%.

NOTE H – CAPITAL LEASE PAYABLE - CONTINUED

On October 16, 2017 the Enterprise Fleet Management entered in to a right to use 2018 Ram 1500 with a present value of $25,226. The lease is for 60 months with a monthly payment of $442.16. The lease is based on a discount rate average of 2%.

On October 1, 2017, Arnold Chaffin entered in to a right to use one acre lot with a present value of $39,125. The lease is for 60 months with a monthly payment of $360. The lease is based on a discount rate average of 2%.

The following is a schedule of lease payments by years of the future minimum lease payments under capital lease:

Year	Principal	Interest	Total Requirements
2022-23	$ 21,900	$ 967	$ 22,867
2023-24	18,748	582	19,330
2024-25	9,061	262	9,323
2025-26	4,161	159	4,320
2026-27	4,245	75	4,320
2027-28	1,434	6	1,440
TOTALS	$ 59,549	$ 2,051	$ 61,600

During the year ended June 30, 2022, the District's Capital lease obligation on the asset lease was as follows:

BALANCE 6/30/21	ADDITIONS	REDUCTIONS	BALANCE 6/30/22	DUE WITHIN ONE YEAR
$87,991	$ -	$28,442	$59,549	$21,900

NOTE I – PENSION PLANS

KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)

The Lawrence County School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by Kentucky Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS.

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statues (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Ky 40601 or from the KTRS web site at http://www.ktrs.ky.gov/.

Funding Policy – Contribution rates are established by KRS. Members are required to contribute 12.855% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after June 30, 2008. The federal program for any salaries paid by that program pays the matching contributions. The local school districts pay employer matching on all employees who do not occupy federally funded positions. As part of the Shared Responsibility Plan, beginning July 1, 2010 each employer is required to pay the amount equal to the increase in employee contributions. Effective July 1, 2015, the current employer match is 3.00% of total gross non-federal salaries in the district and for individuals employed in federally funded positions the employer-matching rate is 16.105%.

NOTE I – PENSION PLANS - CONTINUED

Medical Insurance Plan

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

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. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Funding policy – In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 3.00% of members' salary for the 2021-2022 fiscal year.

The Lawrence County School District's total payroll for the year was \$18,833,747. The payroll for employees covered under KTRS was \$12,679,938. For the year ended June 30, 2022, the Commonwealth contributed \$2,198,139 to KTRS for the benefit of participating employees. The School District's contributions to KTRS for the year ending June 30, 2022 was \$567,552, which represents those employees covered by federal programs.

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

At June 30, 2022, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as it's 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 District were as follows:

District's proportionate share of the net Pension Liability	$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	44,659,416
	$ 44,659,416

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2021, the District's proportion was 0.3432%.

For the year ended June 30, 2022, the District recognized pension expense of \$(6,957,202) and revenue of \$(6,957,202) for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2020. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions:

NOTE I – PENSION PLANS - CONTINUED

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	20% of the difference between market value of assets is realized
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	2.19%
Inflation	2.50%
Salary Increase	3.00%-7.50%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. 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 rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	2.0%	(0.3)%
Total	100.0%	

NOTE I – PENSION PLANS - CONTINUED

Discount Rate: The discount rate used to measure the total pension liability as of the Measurement Date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. We assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on a pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KTRS financial report which is publically available at http://www.ktrs.ky.gov/.

COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS)

Plan Description

Classified employees (substantially all full-time Board employees other than certified employees) are covered by the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System. CERS provides for retirement, disability, and death benefits to plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the State legislature. Under the provisions of the Kentucky Revised Statue Section 61.645, the Board of Trustees of Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefit

CERS is designed to provide three types of benefits: a monthly retirement benefit for life based on the employee's salary and service (the pension benefit), health insurance benefits after retirement, and disability/death benefits.

Monthly retirement benefits are based on a formula established by statute which is (final compensation x benefit factor x years of service credit). Participants hired before 8/1/04 have their monthly benefit calculated at the average of highest five years salary which must contain at least 48 months of service and includes lump-sum payments for compensatory time times 2.2% benefit factor times years of service credit. Participants hired after 8/1/04 but before 9/1/08 have a reduced benefit factor of 2.0%.

Participants hired after 9/1/08 have their monthly benefit calculated at the average of the five complete fiscal years immediately preceding retirement which must contain 60 months of service and does not include lump-sum payments for compensatory time. The benefit factor is 1.10% for 10 years or less of service, 1.30% for more than 10 years but no more than 20 years, 1.50% for greater than 20 years but no more than 26 years, 1.75% for greater than 26 years but no more than 30 years, and 2.00% for greater than 30 years.

At retirement, a retiree may choose to take a reduced monthly benefit in order to provide a monthly benefit to a beneficiary upon their death, either for a period certain or for the life of the beneficiary. The system also provides for a statutory 1.5% annual increase to monthly benefits after retirement, often referred to as the cost of living adjustment (COLA).

NOTE I – PENSION PLANS - CONTINUED

Medical Insurance

CERS also provides access to group rates on medical insurance for retired members, their spouse, and dependents. Coverage for retirees not eligible for Medicare is provided through the Kentucky Employees Health Plan the same health plan provided to state employees. Coverage for Medicare eligible retirees is Medicare for delivery of health benefits.

As provided by state statute, CERS also subsidizes medical coverage for the retiree. In general, employees participating prior to 7/1/03 receive a percentage of the premium paid based upon service credit, while employees who begin participating after that date receive a set dollar amount for each year of service credit.

Disability and Death Benefits

Like most defined benefit plans, CERS provides benefits for those employees who become disabled or who die prior to retirement. Participants have to have a minimum of 5 years of service to apply for disability benefits and approval determined by systems under criteria established by state statute. CERS also provides death before retirement and special death in the line of duty benefits. After retirement, the benefits left to the retiree's beneficiary vary based upon the payment option selected at retirement. In addition, CERS provides a $5,000 lump sum death benefit for members who retire with at least 4 years of service.

Contributions

Plan members are required to contribute 5.00% of their annual salary if hired before September 1, 2008 and 6% if hired on or after September 1, 2008 through payroll deductions and the Board is required to contribute at an actuarially determined rate. The current rate is 21.17% of the employee's total covered compensation, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to CERS for the year ended June 30, 2022 was $1,024,228, which consisted of $812,891 from the District and $211,337 from the employees.

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

KTRS portion of GASB 68 changes will be reported by the State only and the District will not reflect any of those changes in their report but the District will fully comply with all changes of GASB 68 concerning CERS and disclose those changes within the report.

At June 30, 2022, the District reported a liability of $8,793,227 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.137916%, which was a decrease of 0.003949% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $1,112,264. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE I – PENSION PLANS - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 100,973	$ 85,344
Changes of assumptions	118,016	-
Net difference between projected and actual investment earnings on pension plan investments	341,119	1,513,108
Changes in proportion and differences between employer contributions and proportionate share of contributions	422,228	178,164
District contributions subsequent to the measurement date	812,891	-
Total	$ 1,795,227	$ 1,776,616

$812,891 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	$ 150,825
2024	(308,879)
2025	(269,221)
2026	(367,005)
2027	-
Thereafter	-
	$ (794,280)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Inflation	2.30%
Payroll Growth Rate	2% for CERS non-hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CERS non-hazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disable retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was 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.

NOTE I – PENSION PLANS - CONTINUED

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**68.50%**	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	**11.50%**	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Rate	**100.00%**	**5.00%**
Long-Term Inflation Assumption		**2.30%**
Expected Nominal Return for Portfolio		**7.30%**

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statue as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 6.25%, as well as what the District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.25%) or one percentage-point higher (7.25%) than the current rate:

	1.0% Decrease (5.25%)	Current Discount Rate (6.25%)	1.0% Increase (7.25%)
District's proportionate share of the net pension liability	$11,277,730	$8,793,227	$6,737,358

NOTE I – PENSION PLANS - CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KRS 2021 Comprehensive Annual Financial Report at kyret.ky.gov.

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of $187,801 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022. The payable includes both the pension and insurance contribution allocation.

NOTE J – OPEB PLAN

General Information about the OPEB plan

COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS) OPEB PLANS

Plan Description and Benefits Provided

The Lawrence County School District participates in the County Employees Retirement System (CERS) Insurance Fund, a multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan for members that cover all regular full-time members employed by the District. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Contributions

The District's contractually required contribution rate for the year ended June 30, 2022, was 5.78 percent of covered payroll. Contributions to the OPEB plan from the District were $308,812 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $2,639,720 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the District's proportion was 0.137884%, which was a decrease of 0.003940% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of $378,491. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 415,097	$ 788,133
Changes of assumptions	699,840	2,455
Net difference between projected and actual earnings on OPEB plan investments	132,997	545,944

NOTE J – OPEB PLAN - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between District contributions and proportionate share of contributions	184,618	94,946
District contributions subsequent to the measurement date	308,812	-
Total	$ 1,741,364	$ 1,431,478

$308,812 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

Year ended June 30:

2023	$ 103,623
2024	40,815
2025	29,947
2026	(173,312)
2027	-
Thereafter	-
	$ 1,073

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total OPEB liability as of June 30, 2021 are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CER non-hazardous
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	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

NOTE J – OPEB PLAN - CONTINUED

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**68.50%**	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	**11.50%**	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Rate	**100.00%**	**5.00%**
Long-Term Inflation Assumption		**2.30%**
Expected Nominal Return for Portfolio		**7.30%**

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend

	1.0% Decrease	Current Healthcare Cost Trend Rate	1.0% Increase
District's proportionate share of the net OPEB liability	$1,900,285	$2,639,720	$3,532,230

Discount Rate

Single discount rates of 5.20% for CERS non-hazardous system was used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the RCFR.

NOTE J – OPEB PLAN - CONTINUED

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the Net OPEB Liability using the discount rate of 5.20%, as well as what the District's proportionate share of the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower (4.20%) or one percentage-point higher (6.20%) than the current rate:

	1.0% Decrease (4.20%)	Current Discount Rate (5.20%)	1.0% Increase (6.20%)
District's proportionate share of the net OPEB liability	\$3,624,316	\$2,639,720	\$1,831,696

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS 2021 Comprehensive Annual Financial Report at kyret.ky.gov.

KENTUCKY TEACHERS RETIREMENT SYSTEM (KTRS) OPEB PLANS

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

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

Medical Insurance Plan

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

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

Contributions - In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarter 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

NOTE J – OPEB PLAN - CONTINUED

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 KTRS Medical Insurance Plan

At June 30, 2022, the District reported a liability of $3,912,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.330367%.

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

District's proportionate share of the net OPEB liability	$3,912,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	3,177,000
	$7,089,000

For the year ended June 30, 2022, the District recognized OPEB expense of $165,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,326,000
Changes of assumptions	1,023,000	-
Net difference between projected and actual earnings on investments	-	417,000
Changes in proportion and differences between District contributions and proportionate share of contributions	326,000	130,000
District contributions subsequent to the measurement date	323,600	-
	$ 1,672,600	$ 2,873,000

Of the total amount reported as deferred outflows of resources related to OPEB, $323,600 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

NOTE J – OPEB PLAN - CONTINUED

Year	
2023	$ (410,000)
2024	(413,000)
2025	(368,000)
2026	(322,000)
2027	(47,000)
Thereafter	36,000
	$ (1,524,000)

Actuarial methods and assumptions For Health and Life – The TOL as of June 30, 2021 was determined based on an actuarial valuation prepared as of June 30, 2020, using the new assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the five-year period ending June 30, 2020. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	2.13%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

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

NOTE J – OPEB PLAN - CONTINUED

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 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, 2020 valuation of the Health Trust were based on a review of recent plan experience done currently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the total TOL liability roll forward, while the change in initial per capita claims costs were included with experience in the total TOL liability roll forward.

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

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

Health Insurance Trust

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	(0.10%)
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	(0.30%)
Total	100.0%	

Life Insurance Trust

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	(0.10%)
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	(0.30%)
Total	100.0%	

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

NOTE J – OPEB PLAN - CONTINUED

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

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

	1.0% Decrease (6.10%)	Current Discount Rate (7.10%)	1.0% Increase (8.10%)
District's proportionate share of the net OPEB liability	$5,008,000	$3,912,000	$3,005,000

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

	1.0% Decrease	Current Trend Rate	1.0% Increase
District's proportionate share of the net OPEB liability	$2,842,000	$3,912,000	$5,243,000

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

Life Insurance Plan

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

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Life Insurance Plan

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of

NOTE J – OPEB PLAN - CONTINUED

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

District's proportionate share of the net OPEB liability	$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	42,000
	$ 42,000

The net OPEB liability was measured as of June 30, 2021, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2021, the District's proportion was 0.322977%.

For the year ended June 30, 2022, the District recognized OPEB expense of $-0- and revenue of $-0- for support provided by the state.

Actuarial methods and assumptions – The Actuarially Determined Contribution rates, as percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated Valuation Date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021 for the Life Trust:

Valuation Date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Remaining Amortization period	26 years
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount Rate	7.50%

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.

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

Payable to the OPEB Plan

At June 30, 2022, the District reported a payable of $-0- for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE K – CONTINGENCIES

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

NOTE L – LITIGATION

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

NOTE M – INSURANCE AND RELATED ACTIVITIES

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

NOTE N – RISK MANAGEMENT

The District is exposed to various risks of loss of torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards' Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

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

NOTE O – DEFICIT OPERATING BALANCES

The Business-Type Activities (Proprietary Fund) had a deficit net position of $787,444 during the current year due to the recording of GASB 68 pensions and GASB 75 OPEB. There are no funds of the District that currently have a deficit fund balance. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance:

General	$ 722,423
Seek Capital Outlay	$ 276,814

NOTE P – COBRA

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

NOTE Q – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	Student Activity	District Activity	Sweep	$ 6,608
Operating	General	Special Revenue	Technology	$ 47,212
Operating	Capital Outlay	Debt Service	Debt Service	$ 501,632
Operating	FSPK	Debt Service	Debt Service	$ 209,215
Operating	Food Service	General	Cost Recovery	$ 102,772
Operating	General	Debt Service	Debt Service	$ 40,509
Operating	Debt Service	Construction	Construction	$ 442,385

NOTE R – INTERFUND RECEIVABLES AND PAYABLES

There was an interfund receivable and payable at June 30, 2022 between the following fund:

	Interfund Receivable	Interfund Payable	Purpose
General Fund	$1,832,307		Cash Shortage
Special Revenue Fund		$1,832,307	Cash Shortage

NOTE S – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 17, 2022, the date on which the financial statements were available to be issued.

NOTE T – CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2021, the District elected to adopt Government Accounting Standards Board ("GASB") Statement No.87, "Leases", as it relates to accounting and financial reporting for leases. As a result of this statement, leases greater than one year is to be recognized as both right of use asset and a lease liability on the balance sheet, with certain exceptions.

GASB 87 required retrospective application. Since the District only presents one year of financial information, the beginning net position balance was adjusted to reflect the retrospective application. The adjustment resulted in a $13,700 addition in the beginning net position on the Statement of Activities

REQUIRED SUPPLEMENTARY INFORMATION

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the year ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Favorable (Unfavorable)
Revenues:				
From local sources				
Taxes				
Property	$ 4,163,095	$ 4,169,331	$ 4,268,787	$ 99,456
Motor vehicle	359,772	374,224	463,906	89,682
Utilities	400,000	400,000	717,870	317,870
Tuition and fees	5,000	5,000	-	(5,000)
Earnings on investments	25,000	25,000	24,892	(108)
Other local revenues	17,500	17,499	154,508	137,009
Intergovernmental - state	14,635,271	14,503,327	17,774,033	3,270,706
Intergovernmental - indirect federal	75,000	125,000	197,731	72,731
Total revenues	19,680,638	19,619,381	23,601,727	3,982,346
Expenditures:				
Instruction	11,635,823	11,710,616	15,003,991	(3,293,375)
Support services:				
Student	871,987	891,043	762,640	128,403
Instructional staff	804,515	822,499	825,246	(2,747)
District administrative	609,890	612,253	623,582	(11,329)
School administrative	942,623	943,792	1,184,221	(240,429)
Business	474,720	477,055	430,684	46,371
Plant operation and maintenance	3,706,147	3,719,000	3,084,904	634,096
Student transportation	2,411,804	2,402,798	2,198,521	204,277
Central office	-	-	-	-
Community service activities	-	-	-	-
Other	1,396,076	1,213,272	225,412	987,860
Total expenditures	22,853,585	22,792,328	24,339,201	(1,546,873)
Excess (deficit) of revenues over expenditures	(3,172,947)	(3,172,947)	(737,474)	2,435,473
Other Financing Sources (Uses):				
Proceeds from sale of assets	-	-	-	-
Operating transfers in	-	-	102,772	102,772
Operating transfers out	(90,000)	(90,000)	(87,721)	2,279
Total other financing sources (uses)	(90,000)	(90,000)	15,051	105,051
Net change in fund balance	(3,262,947)	(3,262,947)	(722,423)	2,540,524
Fund balance, July 1, 2021	3,262,947	3,262,947	2,357,942	(905,005)
Fund balance, June 30, 2022	$ -	$ -	$ 1,635,519	$ 1,635,519

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL REVENUE FUND

For the year ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Earnings on investments	$ -	$ -	$ -	$ -
Other local revenues	70,787	60,070	47,930	(12,140)
State aid	1,754,322	1,109,882	1,099,541	(10,341)
Federal aid	2,213,906	4,596,674	8,983,605	4,386,931
Total revenues	4,039,015	5,766,626	10,131,076	4,364,450
Expenditures:				
Current:				
Instruction	2,593,792	4,606,218	6,031,801	(1,425,583)
Support Services:				
Student	11,389	11,558	3,257	8,301
Instructional staff	605,563	618,529	682,647	(64,118)
District administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Plant operations and maintenance	620,598	17,700	2,035,835	(2,018,135)
Student transportation	-	200,000	913,144	(713,144)
Central office	-	-	-	-
Community services activities	260,222	256,514	258,839	(2,325)
Other	-	108,656	252,765	(144,109)
Total expenditures	4,091,564	5,819,175	10,178,288	(4,359,113)
Excess (deficit) of revenues over expenditures	(52,549)	(52,549)	(47,212)	5,337
Other Financing Sources (Uses):				
Transfers in	52,549	52,549	47,212	(5,337)
Transfers out	-	-	-	-
Total other financing sources (uses)	52,549	52,549	47,212	(5,337)
Net change in fund balance	-	-	-	-
Fund balance July 1, 2021	-	-	-	-
Fund balance June 30, 2022	$ -	$ -	$ -	$ -

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

JUNE 30, 2022

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
CERS:								
District's proportion of the net pension liability (asset)	0.125270%	0.124539%	0.122230%	0.125225%	0.125920%	0.123788%	0.141865%	0.137916%
District's proportionate share of the net pension liability (asset)	$ 4,064,000	$ 5,354,598	$ 6,018,121	$ 7,329,804	$ 7,668,912	$ 8,706,065	$ 10,880,928	$ 8,793,227
District's covered-employee payroll	$ 2,973,282	$ 2,965,152	$ 3,082,813	$ 3,168,685	$ 3,105,685	$ 3,650,158	$ 3,530,611	$ 3,839,870
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	136.68%	179.37%	195.22%	231.32%	246.93%	238.51%	308.19%	229.00%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	60.00%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%
KTRS:								
District's proportion of net pension liability	0.3342%	0.3181%	0.3343%	0.3406%	0.3298%	0.3240%	0.3268%	0.3432%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State of Kentucky's share of the net pension liability associated with the district	68,681,044	74,024,226	98,632,136	91,890,815	43,179,786	44,205,914	46,322,434	44,659,416
Total	$ 68,681,044	$ 74,024,226	$ 98,632,136	$ 91,890,815	$ 43,179,786	$ 44,205,914	$ 46,322,434	$ 44,659,416
District's covered-employee payroll	$ 10,474,268	$ 10,436,939	$ 11,039,591	$ 11,216,339	$ 11,207,852	$ 10,979,086	$ 11,344,882	$ 11,841,385
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	44.70%	57.04%	39.80%	59.30%	58.80%	58.27%	65.59%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

JUNE 30, 2022

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
CERS:								
Contractually required contribution	$ 379,093	$ 370,756	$ 430,052	$ 458,826	$ 503,742	$ 704,480	$ 681,408	$ 812,891
Contributions in relation to the contractually required contribution	379,093	370,756	430,052	458,826	503,742	704,480	681,408	812,891
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,973,282	$ 2,985,152	$ 3,082,813	$ 3,168,685	$ 3,105,685	$ 3,650,158	$ 3,530,611	$ 3,839,870
Contributions as a percentage of covered-employee payroll	12.75%	12.72%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%
KTRS:								
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 10,474,268	$ 10,436,939	$ 11,039,591	$ 11,216,339	$ 11,207,852	$ 10,979,086	$ 11,344,882	$ 11,841,385
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

JUNE 30, 2022

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
CERS - INSURANCE FUND:					
District's proportion of the net OPEB liability (asset)	0.125225%	0.125915%	0.123756%	0.141824%	0.137884%
District's proportionate share of the net OPEB liability (asset)	$ 2,517,451	$ 2,235,596	$ 2,081,520	$ 3,424,618	$ 2,639,720
District's covered-employee payroll	$ 3,168,685	$ 3,105,685	$ 3,650,158	$ 3,530,611	$ 3,839,870
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	79.45%	71.98%	57.03%	97.00%	68.75%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%
KTRS - MEDICAL INSURANCE PLAN:					
District's proportion of net OPEB liability	0.325713%	0.316012%	0.311470%	0.314783%	0.330367%
District's proportionate share of the net OPEB liability	$ 6,392,000	$ 5,889,000	$ 5,043,000	$ 4,411,000	$ 3,912,000
State of Kentucky's share of the net OPEB liability associated with the district	5,222,000	5,075,000	4,073,000	3,533,000	3,177,000
TOTAL	$ 11,614,000	$ 10,964,000	$ 9,116,000	$ 7,944,000	$ 7,089,000
District's covered-employee payroll	$ 11,216,339	$ 11,207,852	$ 10,979,086	$ 11,344,882	$ 11,841,385
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	56.99%	52.54%	45.93%	38.88%	33.04%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.58%	39.05%	51.74%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (CONCLUDED)

JUNE 30, 2022

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
KTRS - LIFE INSURANCE PLAN:					
District's proportion of the net OPEB liability	0.318266%	0.308859%	0.304535%	0.307837%	0.322977%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the District	70,000	87,000	95,000	107,000	42,000
Total	$ 70,000	$ 87,000	$ 95,000	$ 107,000	$ 42,000
District's covered payroll	$ 11,216,339	$ 11,207,852	$ 10,979,086	$ 11,344,882	$ 11,841,385
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS

JUNE 30, 2022

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
CERS - INSURANCE FUND:					
Contractually required contribution	$ 179,696	$ 199,424	$ 218,442	$ 252,104	$ 308,812
Contributions in relation to the contractually required contribution	179,696	199,424	218,442	252,104	308,812
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,168,685	$ 3,105,685	$ 3,650,158	$ 3,530,611	$ 3,839,870
Contributions as a percentage of covered-employee payroll	5.67%	6.42%	5.98%	7.14%	8.04%
KTRS - MEDICAL INSURANCE PLAN:					
Contractually required contributions	$ 307,144	$ 302,352	$ 300,046	$ 308,671	$ 323,600
Contributions in relation to the contractually determined contributions	307,144	302,352	300,046	308,671	323,600
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 11,216,339	$ 11,207,852	$ 10,979,086	$ 11,344,882	$ 11,841,385
District's contributions as a percentage of its covered employee payroll	2.74%	2.70%	2.73%	2.72%	2.73%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS (CONCLUDED)

JUNE 30, 2022

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
KTRS - LIFE INSURANCE PLAN:					
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	$ 11,216,339	$ 11,207,852	$ 10,979,086	$ 11,344,882	$ 11,841,385
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

LAWRENCE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CERS)

For the year ended June 30, 2022

NOTE A – GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

NOTE B – CHANGES OF ASSUMPTIONS

June 30, 2021 – Pension and OPEB – Non-hazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

June 30, 2020 – Pension and OPEB – Non-hazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

June 30, 2019 – Pension and OPEB – Non-hazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average.

June 30, 2018 – Pension and OPEB – Non-hazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for either pension or OPEB.

NOTE B – CHANGES OF ASSUMPTIONS – CONTINUED

June 30, 2017 – Pension – Non-hazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

- The assumed rate of return was deceased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%.

June 30, 2016 – Pension and OPEB – Non-hazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for either pension or OPEB.

June 30, 2015 – Pension – Non-hazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

June 30, 2014 – Pension – Non-hazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

June 30, 2013 – Pension – Non-hazardous

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2013:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.
- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS pension or OPEB.

LAWRENCE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (TRS)

For the year ended June 30, 2022

NOTE A – CHANGES OF ASSUMPTIONS

In 2019, valuation on the salary increase was reduced to 3.5% - 7.3% from 4.0% - 8.2%.

In 2018, the calculation of Single Equivalent Interest Rate resulted in an assumption change from 4.49% to 7.50%.

In 2017, the calculation of the Single Equivalent Interest Rate resulted in an assumption change from 4.20% to 4.49%.

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection scale BB, set forward two years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scales AA, which was used prior to 2016.

In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2020 with projection scale AA, set back one year for females rather than the 1994 Group Annuity Mortality Tables which was used prior to 2016. For the 2011 valuation through the 2013 valuation, an interest smoothing methodology was used to calculate liabilities for purposes of determining the actuarially determined contributions.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Actuarial Cost Method	Entry age
Amortization Period	Level percentage of payroll, open
Remaining Amortization Period	27.4 years
Asset Valuation Method	5-year smoothed market value
Inflation	2.50 percent
Salary Increase	3.00 – 7.50 percent, including inflation
Ultimate Investment Rate of Return	7.10 percent, net of pension plan investment expense, including inflation

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for TRS pension.

LAWRENCE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (TRS)
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY

For the year ended June 30, 2022

NOTE A – CHANGES OF ASSUMPTIONS

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

Health care cost trend rates were updated for the June 30, 2019 valuation.

2021

There were no changes in assumptions.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	21 years, Closed
Asset Valuation Method	Five-year smoothed value
Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increases, Including Wage Inflation	3.0% - 7.5%
Discount Rate	7.10%
Healthcare Cost Trends	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.4% for FY 2021 with an ultimate rate of 4.50% by 2034
Under Age 65 Claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the healthcare trend assumption (no implicit rate subsidy is recognized).

LAWRENCE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (TRS)
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY

For the year ended June 30, 2022

NOTE C – CHANGES OF BENEFITS

Changes of benefit terms (June 30, 2018) – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

COMBINING STATEMENTS - NONMAJOR FUNDS

LAWRENCE COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	District Activity Fund	Student Activity Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets and Resources:					
Cash and cash equivalents	$ 27,398	$ 294,492	$903,820	$ 2,400	$ 1,228,110
Accounts receivables	6,608	2,751	-	-	9,359
Total assets and resources	$ 34,006	$ 297,243	$903,820	$ 2,400	$ 1,237,469
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	$ -	$ 1,118	$ -	$ -	$ 1,118
Total liabilities	-	1,118	-	-	1,118
Fund Balances:					
Restricted For:					
SFCC escrow	-	-	903,820	-	903,820
Debt service	-	-	-	2,400	2,400
District activity	34,006	-	-	-	34,006
Student activity	-	296,125	-	-	296,125
Total fund balances	34,006	296,125	903,820	2,400	1,236,351
Total liabilities and fund balances	$ 34,006	$ 297,243	$903,820	$ 2,400	$ 1,237,469

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2022

	District Activity Fund	Student Activity Fund	Seek Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:						
From local sources						
Taxes:						
Utility	$ -	$ -	$ -	$ 440,678	$ -	$ 440,678
Earnings on investments	-	-	-	-	-	-
Other local revenues	4,696	520,028	-	-	-	524,724
Intergovernmental - state	-	-	224,818	588,987	390,706	1,204,511
Intergovernmental - indirect federal	-	-	-	-	188,563	188,563
Total revenues	4,696	520,028	224,818	1,029,665	579,269	2,358,476
Expenditures:						
Instruction	-	492,905	-	-	-	492,905
Support services:						
Student	-	-	-	-	-	-
Instructional staff	-	-	-	-	-	-
Direct administrative	-	-	-	-	-	-
School administrative	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Central office	-	-	-	-	-	-
Facilities and construction	-	-	-	-	-	-
Community service activities	-	-	-	-	-	-
Other	-	-	-	-	1,348,240	1,348,240
Total expenditures	-	492,905	-	-	1,348,240	1,841,145
Excess (deficit) of revenues over expenditures	4,696	27,123	224,818	1,029,665	(768,971)	517,331
Other Financing Sources (Uses):						
Bond proceeds	-	-	-	-	460,000	460,000
Operating transfers in	6,608	-	-	-	751,356	757,964
Operating transfers out	-	(6,608)	(501,632)	(209,215)	(442,385)	(1,159,840)
Total other financing sources (uses)	6,608	(6,608)	(501,632)	(209,215)	768,971	58,124
Net change in fund balance	11,304	20,515	(276,814)	820,450	-	575,455
Fund balance, July 1, 2021	22,702	275,610	276,814	83,370	2,400	660,896
Fund balance, June 30, 2022	$ 34,006	$ 296,125	$ -	$ 903,820	$ 2,400	$ 1,236,351

See independent auditor's report and accompanying notes to financial statements.

OTHER COMBINING STATEMENTS AND SCHOOL ACTIVITY FUNDS

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS/GROUPS

SCHOOL ACTIVITY FUND - LAWRENCE COUNTY HIGH SCHOOL

For the year ended June 30, 2022

Name of Activity:	Cash Balances July 1, 2021	Receipts	Disbursements	Transfers	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Due to Students & Others June 30, 2022
Academic Team	$ 266	$ 880	$ 690	$ -	$ 456	$ -	$ -	$ 456
Art	1,598	475	267	-	1,806	-	-	1,806
Athletics	33,445	110,139	95,652	-	47,932	-	-	47,932
Band	1,315	6,048	7,167	-	196	-	-	196
Bass Fishing Club	-	500	342	-	158	-	-	158
Beta Club	198	148	346	-	-	-	-	-
Bio Med Club	682	13,115	12,503	-	1,294	-	-	1,294
Carpentry	503	-	-	-	503	-	-	503
Change Fund	-	6,500	6,500	-	-	-	-	-
Cheer Fund	46	3,411	3,455	-	2	-	-	2
Class of 2022	174	47,426	47,551	-	49	-	-	49
Class of 2023	-	14,323	13,907	-	416	-	-	416
Class of 2024	-	23,995	-	-	23,995	-	-	23,995
Coke (Student)	3,466	2,738	3,530	-	2,674	-	-	2,674
Coke (Teacher)	74	407	393	-	88	-	-	88
College Algebra	56	5,381	5,437	-	-	-	-	-
Drama Club	419	-	-	-	419	-	-	419
EF Tours	3,205	101	3,205	-	101	-	-	101
FCA	315	-	-	-	315	-	-	315
FCCLA	29	-	-	-	29	-	-	29
FFA	412	11,056	11,417	-	51	-	-	51
FMD	451	253	519	-	185	-	-	185
HOSA	143	200	342	-	1	-	-	1
Interact Club	282	-	-	-	282	-	-	282
KYA	331	-	-	-	331	-	-	331
L C Youth Bball	57	4,600	3,921	-	736	-	-	736
Library	178	88	70	-	196	-	-	196
Math Donation	10	1,000	998	-	12	-	-	12
Miscellaneous	9,724	2,772	5,174	-	7,322	-	-	7,322
Music	2,328	-	267	-	2,061	-	-	2,061
Palooza	3	-	-	-	3	-	-	3
Pep Club	6	6,151	4,547	-	1,610	-	-	1,610
ROTC	3,424	-	2,581	-	843	-	-	843
Student Fees	-	6,548	6,548	-	-	-	-	-
Sweep	-	6,608	-	(6,608)	-	-	-	-
World Language Club	39	-	-	-	39	-	-	39
Y Club	70	-	-	-	70	-	-	70
YSC	1,137	1,074	1,668	-	543	-	-	543
Yearbook	1,276	4,101	4,043	-	1,334	-	-	1,334
Totals	$ 65,662	$ 280,038	$ 243,040	$ (6,608)	$ 96,052	$ -	$ -	$ 96,052

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS/GROUPS

SCHOOL ACTIVITY FUND - LOUISA MIDDLE SCHOOL

For the year ended June 30, 2022

Name of Activity:	Cash Balances July 1, 2021	Receipts	Disbursements	Transfers	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Due to Students & Others June 30, 2022
School Activity And Projects Funds	$ 52,017	$ 38,731	$ 43,232	$ -	$ 47,516	$ -	$ -	$ 47,516
Athletic Fund	21,245	47,224	41,210	-	27,259	-	-	27,259
District Activity Sweep	-	-	-	-	-	-	-	-
Totals	$ 73,262	$ 85,955	$ 84,442	$ -	$ 74,775	$ -	$ -	$ 74,775

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS/GROUPS

SCHOOL ACTIVITY FUND - LOUISA EAST ELEMENTARY

For the year ended June 30, 2022

Name of Activity:	Cash Balances July 1, 2021	Receipts	Disbursements	Transfers	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Due to Students & Others June 30, 2022
School Activity And Projects Funds	$ 52,930	$ 42,554	$ 52,757	$ -	$ 42,727	$ 1,247	$ 968	$ 43,006
Athletic Fund	-	-	-	-	-	-	-	-
District Activity Sweep	-	-	-	-	-	-	-	-
Totals	$ 52,930	$ 42,554	$ 52,757	$ -	$ 42,727	$ 1,247	$ 968	$ 43,006

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS/GROUPS

SCHOOL ACTIVITY FUND - LOUISA WEST ELEMENTARY

For the year ended June 30, 2022

Name of Activity:	Cash Balances July 1, 2021	Receipts	Disbursements	Transfers	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Due to Students & Others June 30, 2022
School Activity And Projects Funds	$ 37,832	$ 18,251	$ 17,974	$ -	$ 38,109	$ 1,095	$ -	$ 39,204
Athletic Fund	-	-	-	-	-	-	-	-
District Activity Sweep	-	-	-	-	-	-	-	-
Totals	$ 37,832	$ 18,251	$ 17,974	$ -	$ 38,109	$ 1,095	$ -	$ 39,204

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS/GROUPS

SCHOOL ACTIVITY FUND - BLAINE ELEMENTARY

For the year ended June 30, 2022

Name of Activity:	Cash Balances July 1, 2021	Receipts	Disbursements	Transfers	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Due to Students & Others June 30, 2022
School Activity And Projects Funds	$ 18,384	$ 29,513	$ 30,354	$ -	$ 17,543	$ -	$ -	$ 17,543
Athletic Fund	3,133	5,481	5,137	-	3,477	-	-	3,477
District Activity Sweep	-	-	-	-	-	-	-	-
Totals	$ 21,517	$ 34,994	$ 35,491	$ -	$ 21,020	$ -	$ -	$ 21,020

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS/GROUPS

SCHOOL ACTIVITY FUND - FALLSBURG ELEMENTARY

For the year ended June 30, 2022

Name of Activity:	Cash Balances July 1, 2021	Receipts	Disbursements	Transfers	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Due to Students & Others June 30, 2022
School Activity And Projects Funds	$ 24,596	$ 53,327	$ 58,572	$ -	$ 19,351	$ 409	$ 150	$ 19,610
Athletic Fund	840	2,178	560	-	2,458	-	-	2,458
District Activity Sweep	-	-	-	-	-	-	-	-
Totals	$ 25,436	$ 55,505	$ 59,132	$ -	$ 21,809	$ 409	$ 150	$ 22,068

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS/GROUPS

SCHOOL ACTIVITY FUNDS

For the year ended June 30, 2022

	Cash Balances July 1, 2021	Receipts	Disbursements	Transfers	Cash Balances June 30, 2022	Accounts Receivable June 30, 2022	Accounts Payable June 30, 2022	Due to Students & Others June 30, 2022
High Schools								
Lawrence County	$ 65,662	$ 280,038	$ 243,040	$ (6,608)	$ 96,052	$ -	$ -	$ 96,052
Middle Schools								
Louisa	73,262	85,955	84,442	-	74,775	-	-	74,775
Elementary Schools								
Louisa East	52,930	42,554	52,757	-	42,727	1,247	968	43,006
Louisa West	37,832	18,251	17,974	-	38,109	1,095	-	39,204
Blaine	21,517	34,994	35,491	-	21,020	-	-	21,020
Fallsburg	25,436	55,505	59,132	-	21,809	409	150	22,068
Totals	$ 276,639	$ 517,297	$ 492,836	$ (6,608)	$ 294,492	$ 2,751	$ 1,118	$ 296,125

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

DEBT SERVICE FUNDS

For the year ended June 30, 2022

	Issue of 2012	Issue of 2012 Refunding	Issue of 2012 Energy	QZAB Series 2012	Issue of 2013 Refunding	Issue of 2014	Issue of 2022	Total Debt Service Funds
Revenues:								
Earning on investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental - state	108,469	66,468	-	162,638	53,131	-	-	390,706
Intergovernmental - federal	-	-	-	188,563	-	-	-	188,563
Total revenues	108,469	66,468	-	351,201	53,131	-	-	579,269
Expenditures:								
Current:								
Bond payments	80,000	240,000	325,000	162,638	115,000	38,041	-	960,679
Bond interest	28,469	10,006	53,531	200,000	73,574	4,366	-	369,946
Bond costs	-	-	-	-	-	-	17,615	17,615
Total expenditures	108,469	250,006	378,531	362,638	188,574	42,407	17,615	1,348,240
Excess (deficit) of revenues over expenditures	-	(183,538)	(378,531)	(11,437)	(135,443)	(42,407)	(17,615)	(768,971)
Other Financing Sources (Uses):								
Bond proceeds	-	-	-	-	-	-	460,000	460,000
Operating transfers in	-	183,538	378,531	11,437	135,443	42,407	-	751,356
Non operating transfers in	-	-	-	-	-	-	-	-
Non operating transfers out	-	-	-	-	-	-	(442,385)	(442,385)
Total other financing sources (uses)	-	183,538	378,531	11,437	135,443	42,407	17,615	768,971
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance, July 1, 2021	-	2,400	-	-	-	-	-	2,400
Fund balance, June 30, 2022	$ -	$ 2,400	$ -	$ -	$ -	$ -	$ -	$ 2,400

See independent auditor's report and accompanying notes to financial statements.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2022

FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPT. OF AGRICULTURE			
Passed Through State Dept. of Education:			
CHILD NUTRITION CLUSTER			
National School Lunch Program	10.555	7750002 21	$ 224,721
		7750002 22	847,944
			1,072,665
Passed Through State Dept. of Agriculture:			
Food Donation (In-Kind Commodities)	10.555	1007	111,591
			111,591
School Breakfast Program	10.553	7760005 21	94,001
		7760005 22	352,633
			446,634
Summer Food Service Program for Children	10.559	7740023 21	175,984
		7690024 21	18,025
			194,009
Fresh Fruit and Vegetable Program	10.582	7720012 21	26,701
		7720012 22	63,290
			89,991
Pandemic EBT Administrative Costs	10.649	9990000 21	3,063
TOTAL CHILD NUTRITION CLUSTER			1,917,953
State Administrative Expenses for Child Nutrition	10.560	7700001 21	3,473
TOTAL U.S. DEPT. OF AGRICULTURE			1,921,426
U.S. DEPT. OF DEFENSE			
Passed Through State Dept. of Defense:			
Reserve Officer Training Corp	12.000	Proj 504C	54,373
TOTAL U.S. DEPT. OF DEFENSE			54,373
U.S. DEPT. OF EDUCATION			
Passed Through State Dept. of Education:			
Title I - Grants to Local Educational Agencies	84.010	3100002 20	969,807
		3100002 21	315,637
			1,285,444
Supporting Effective Instruction - State Grant	84.367	3230002 20	117,936
		3230002 21	115,600
			233,536
Career and Technical Education - Basic Grants to States	84.048	3710002 20	22,722
		3710002 21	13,170
			35,892
Student Support and Academic Enrichment Program	84.424	3420002 18	58,517
		3420002 19	55,504
			114,021
Rural Education	84.358	3140002 18	14,753
		3140002 21	5,433
			20,186
			1,689,079

The accompanying notes are an integral part of this schedule.

(Continued next page)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the year ended June 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Through Grantor's Number	Federal Expenditures
Education Stabilization Fund	84.425	4000002 20	263,569
		4000002 21	2,652,524
		4200003 21	26,800
		4300002 21	2,362,559
		4300005 21	3,009
			5,308,461
Passed Through State Dept. of Vocational Rehab:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Proj 376C	21,197
SPECIAL EDUCATION CLUSTER (IDEA)			
Special Education - Grants to States	84.027	4910002 21	131,408
		3810002 19	12,912
		3810002 20	267,637
		3810002 21	205,598
			617,555
Special Education - Preschool Grants	84.173	3800002 20	20,903
		3800002 21	23,062
			43,965
TOTAL SPECIAL EDUCATION CLUSTER			661,520
TOTAL U.S. DEPT. OF EDUCATION			7,680,257
U.S. DEPARTMENT OF HEALTH ANS HUMAN SERVICES			
Cooperative Agreements To Promote Adolescent Health Through School-Based HIV/STP Prevention and School-Based Surveillance	93.079	2200001 19	650
		2200001 20	400
		2200001 21	300
			1,350
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 9,657,406

The accompanying notes are an integral part of this schedule.

LAWRENCE COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Lawrence County School District under programs of the federal government for the year ended June 30, 2022. 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 Principals, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Lawrence County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Lawrence County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Lawrence County School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At June 30, 2022, the District had no food commodities in inventory.

NOTE D – TYPE A PROGRAMS

Type A programs for the Lawrence County School District is any program for which total expenditures of federal awards exceeded $750,000 for fiscal year 2022. The District had the following programs and clusters that met the Type A program definition for fiscal year 2022:

CFDA#	PROGRAM TITLE	EXPENDITURES
Child Nutrition Cluster:		
10.559	Summer Food Service Program for Children	$ 194,009
10.555	Food Donation (In-Kind Commodities)	111,591
10.555	National School Lunch Program	1,072,665
10.553	School Breakfast Program	446,634
10.582	Fresh Fruit and Vegetable Program	89,991
		1,914,890
84.010	Title I – Grants to Local Educational Agencies	1,285,444
84.425	Education Stabilization Fund	5,308,461
	Total Type A Programs	$ 8,508,795

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAWRENCE COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued *unmodified*:

Internal control over financial reporting:

- Material weakness(es) identified? ___yes _X_no
- Significant deficiency(ies) identified? ___yes _X_none reported

Noncompliance material to financial statements noted? _X_yes ___no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___yes _X_no
- Significant deficiency(ies) identified? ___yes _X_none reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553	School Breakfast Program
10.555	Food Donation (In-Kind Commodities)
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
10.582	Fresh Fruit and Vegetable Program
12.000	Reserve Officer Training Corp

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? _X_yes ___no

SECTION II - FINDINGS-FINANCIAL STATEMENTS AUDIT

2022 – 001 Fraudulent Checks Cashed – A Non-Repeat Finding

Condition: Several fraudulent checks were written and cashed against the district by an unknown party.

Criteria: The District needs to use safe guards and monitor their accounts for any fraudulent activity.

Cause of Condition: An unknown party obtained the district's bank routing number and account number and started writing checks.

Effect: Several thousand dollars was withdrawn from the district's account but was noticed by district's personnel and the bank was notified of the fraudulent activity.

Recommendation: The Superintendent should receive all bank statements first unopened and review for discrepancies.

Views of Responsible Officials and Planned Corrective Actions: We monitor our accounts closely and we noticed these unusual checks and took action immediately. The banks refunded all of our money that was withdrawn under false pretense. Furthermore, we will continue to monitor closely all of our funds effective October 17, 2022.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

LAWRENCE COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2022

All prior year comments were addressed by the District. Corrections were initiated and improvements made in the documentation that was recommended.

2021 – 001 Accounting Errors

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

WELLS & COMPANY, P.S.C.
Certified Public Accountants
865 South Mayo Trail
Paintsville, Kentucky 41240-1215

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Education
Lawrence County School District
Louisa, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the Independent Auditor's Contract, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawrence County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lawrence County School District's basic financial statements and have issued our report thereon dated October 17, 2022.

Report On Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Lawrence County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

In addition, the results of our tests disclosed no instances of material noncompliance of specific state statues or regulation identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Lawrence County School District, in a separate letter dated October 17, 2022.

Lawrence County School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Lawrence County School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Lawrence County School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Wells & Company PSC

Certified Public Accountants
Paintsville, Kentucky
October 17, 2022

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

WELLS & COMPANY, P.S.C.
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Education
Lawrence County School District
Louisa, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lawrence County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lawrence County School District's major federal programs for the year ended June 30, 2022. Lawrence County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lawrence County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Wells & Company, PSC

Certified Public Accountants
Paintsville, Kentucky
October 17, 2022

WELLS & COMPANY, P.S.C.
Certified Public Accountants
865 South Mayo Trail
Paintsville, Kentucky 41240-1215

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Kentucky State Committee for School District Audits
Members of the Board of Education
Lawrence County School District
Louisa, Kentucky

In planning and performing our audit of the financial statements of Lawrence County School District (the "District") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated October 17, 2022, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Wells & Company, PSC

Certified Public Accountants
Paintsville, Kentucky
October 17, 2022

LAWRENCE COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

June 30, 2022

PRIOR YEAR COMMENTS

Prior year comments have been addressed and the District is taking corrective action. Corrections were initiated or improvements made in the documentation that was recommended.

CURRENT YEAR COMMENTS

Board Fund 22-1 Spent Over $30,000 With A Vendor Without Any Bid

Condition: Found where the District Office paid a vendor over $30,000 for services without obtaining any bids.

Criteria: All items and services over $30,000 must be bid unless it is an emergency item or a professional service.

Cause of Condition: Lawrence County School District failed to notice that they had spent over $30,000 with this vendor.

Effect: The District was in violation of the bid laws.

Recommendation: We recommend obtaining bids for all items over $30,000 unless it is an emergency item or professional service.

Views of Responsible Officials and Planned Corrective Actions: We will monitor this closer and make sure all items requiring a bid is bidden out effective immediately.

Activity Fund 22-2 Money Is Not Being Deposited Daily at Louisa East Elementary

Condition: Found where money was not being deposited in a timely manner. Some deposits were over 15 days late.

Criteria: All monies collected should be turned in timely and deposited daily unless under $100 and then it must be deposited by the end of the school week.

Cause of Condition: Lack of supervision and monitoring over deposits.

Effect: Money could be lost or stolen if not deposited timely.

Recommendation: Louisa East Elementary needs to follow the rules of the red book and make deposits timely.

Views of Responsible Officials and Planned Corrective Actions: We will make sure all money is turned in for deposit and deposited in a timely manner effective immediately.

APPENDIX C

Lawrence County School District Finance Corporation
School Building Revenue Bonds
Second Series of 2023

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$660,000*
Lawrence County School District Finance Corporation
School Building Revenue Bonds, Second Series of 2023
Dated October 24, 2023

SALE: October 3, 2023 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Lawrence County School District Finance Corporation ("Corporation") will until October 3, 2023, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to $65,000.

LAWRENCE COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non profit, non stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of Lawrence County, Kentucky (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance Phase I renovations to the Local Area Vocational Educational Center (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project property to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2024.

Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of Bonds have the right to have a receiver appointed to administer the school building Project but foreclosure and sale are not available as remedies.

The rental of the school building Project property from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project property is leased to the Board for the initial period ending June 30, 2024, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying

Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately $47,721 to be applied to the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately $47,721 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2024. Inter alia, the Budget provides $125,216,700 in FY 2022-23 and $126,719,600 in FY 2023-2024 to pay debt service on existing and future bond issues; $58,000,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes $85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

ADDITIONAL PARITY BONDS

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project property and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications which have been approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation and a Lease shall be entered into whereunder the annual rental payments during the life of such additional bonds shall be increased by the amount of the annual principal and interest requirements of such additional bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of $5,000 within the same maturity, bear interest from October 24, 2023, payable on April 1, 2024, and semi annually thereafter and shall mature as to principal on October 1 in each of the years as follows:

Year	Amount*	Year	Amount*
2024	$20,000	2034	$30,000
2025	25,000	2035	35,000
2026	25,000	2036	35,000
2027	25,000	2037	35,000
2028	25,000	2038	40,000
2029	25,000	2039	40,000
2030	30,000	2040	40,000
2031	30,000	2041	45,000
2032	30,000	2042	45,000
2033	30,000	2043	50,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $65,000 which may be applied in any or all maturities.

The Bonds maturing on or after October 1, 2032 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 1, 2031, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part on any date at par for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any building constituting the Project and apply casualty insurance proceeds to such purpose.

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on April 1 and October 1 of each year, beginning April 1, 2024 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids must be made on Official Bid Form, contained in Information for Bidders available from the undersigned or RSA Advisors, LLC, Lexington, Kentucky, by visiting www.rsamuni.com submitted manually, by facsimile or electronically via PARITY®.

(B) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation 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 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 PARITY® conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of 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 Corporation. The Corporation 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 PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact

PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(C) The minimum bid shall be not less than $646,800 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly $660,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by $65,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $595,000 or a maximum of $725,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the 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 Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per $5,000 of Bonds as the price per $5,000 for the $660,000 of Bonds bid.

(F) If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each 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.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a) *Holding* Period means, with respect to a 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, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

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

(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% common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 3, 2023.

(e) *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 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(G) The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on October 1 in accordance with the maturity schedule setting the actual size of the issue.

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

(I) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A Final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

(J) Bids need not be accompanied by a certified or bank cashier's good faith check, BUT the successful bidder will be required to wire transfer an amount equal to 2% of the amount of the principal amount of Bonds awarded to the order of the Corporation by the close of business on the day following the award. Said good faith amount which will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for said Bonds unless delivery is made within 45 days from the date the bid is accepted.

(K) Delivery will be made utilizing the DTC Book-Entry-Only-System.

(L) The Corporation reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, in accordance with the Final Approving Legal Opinion of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky, which Opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(M) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Refunding Bonds; provided, however, that any and all expenses incurred in obtaining said insurance shall be solely the obligation of the successful bidder should the successful bidder so elect to purchase such insurance.

STATE SUPPORT OF EDUCATION

The 1990 Regular Session of the General Assembly of the Commonwealth enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA") designed to comply with the mandate of the Kentucky Supreme Court that the General Assembly provide for as efficient and equitable system of schools throughout the State.

KERA became fully effective on July 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education ("DOE"), an appointee of the reconstituted State Board for Elementary and Secondary Education (the "State Board"). Some salient features of KERA are as follows:

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

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at $100 per ADA pupil which is included in the SEEK allotment ($4,000) for the current biennium which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

KRS 160.470(12)(a) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of $.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 160.470(12)(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

KRS 157.440(2) permits school districts to levy up to 30% of the revenue guaranteed by the SEEK program, plus the revenue produced by the 15% levy, but said additional tax will not be equalized with state funds and will be subject to recall by a simple majority of those voting on the question.

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to $.05 per $100 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum $.30 levy required by KRS 160.470(12). A district having a special voted tax which is equal to or higher than the required $.05 tax, must commit and segregate for capital purposes at least an amount equal to the required $.05 tax. Those districts which levy the additional $.05 tax are also eligible for participation in the Kentucky Facilities Support ("KFS") program for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources under KRS 157.440(1)(b).

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at $57,158 to be applied to fair cash value.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state'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.

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

The General Assembly recently adopted a budget for the biennial period ending June 30, 2024 which was approved and signed by the Governor. Such budget became effective beginning July 1, 2022. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income of certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE; EXEMPTION

As a result of the principal amount of Bonds being offered not exceeding $1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

Financial information regarding the Board may be obtained from Superintendent, Lawrence County Board of Education, 50 Bulldog Lane, Louisa, Kentucky 41230 (606.638.9671).

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

(A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and interest on the Bonds will not be a specific item of tax preference for purposes of calculating the Federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

DTC will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. 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 Bonds ("Beneficial Ownership Interest") 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 Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued. Transfers of ownership interest in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co., effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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.
Redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments of the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' account on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Trustee, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

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

NEITHER THE ISSUER, THE BOARD NOR THE BOND REGISTRAR/PAYING AGENT 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 BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER WITH RESPECT TO: (1) THE 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 BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE 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 BOND RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

LAWRENCE COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

By /s/ Betty Mullins
Secretary

APPENDIX D

Lawrence County School District Finance Corporation
School Building Revenue Bonds
Second Series of 2023

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Lawrence County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on October 3, 2023, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its $660,000 School Building Revenue Bonds, Second Series of 2023, dated October 24, 2023; maturing October 1, 2024 through 2043 ("Bonds").

We hereby bid for said $660,000* principal amount of Bonds, the total sum of $_______________ (not less than $646,800) plus accrued interest from October 24, 2023 payable April 1, 2024 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on October 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2024	$20,000	_________%	2034	$30,000	_________%
2025	25,000	_________%	2035	35,000	_________%
2026	25,000	_________%	2036	35,000	_________%
2027	25,000	_________%	2037	35,000	_________%
2028	25,000	_________%	2038	40,000	_________%
2029	25,000	_________%	2039	40,000	_________%
2030	30,000	_________%	2040	40,000	_________%
2031	30,000	_________%	2041	45,000	_________%
2032	30,000	_________%	2042	45,000	_________%
2033	30,000	_________%	2043	50,000	_________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $725,000 of Bonds or as little as $595,000 of Bonds, at the same price per $5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

We further understand that by submitting a bid we agree as follows:

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each 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.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a) *Holding Period* means, with respect to a 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, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

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

(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% common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 3, 2023.

(e) *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 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation 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 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 PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of 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 Corporation. The Corporation 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

PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption on October 1 in accordance with the maturity schedule setting the actual size of the issue.

The DTC Book-Entry-Only-System will be utilized on delivery of this issue.

It is understood that the Corporation will furnish the final approving Legal Opinion of Steptoe & Johnson PLLC Bond Counsel, Louisville, Kentucky.

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through U.S. Bank Trust Company, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502.797.6421).

Bids must be submitted only on this form and must be fully executed.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about October 3, 2023 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

____
Bidder

By ________________________________
Authorized Officer

____
Address

Total interest cost from October 24, 2023 to final maturity	$______________
Plus discount or less any premium	$______________
Net interest cost (Total interest cost plus discount)	$______________
Average interest rate or cost	______________%

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

Accepted by RSA Advisors, LLC, as Municipal Advisor and Agent for the Lawrence County School District Finance Corporation for $________________ amount of Bonds at a price of $______________ as follows:

Year	Amount	Rate	Year	Amount	Rate
2024	______,000	______%	2034	______,000	______%
2025	______,000	______%	2035	______,000	______%
2026	______,000	______%	2036	______,000	______%
2027	______,000	______%	2037	______,000	______%
2028	______,000	______%	2038	______,000	______%
2029	______,000	______%	2039	______,000	______%
2030	______,000	______%	2040	______,000	______%
2031	______,000	______%	2041	______,000	______%
2032	______,000	______%	2042	______,000	______%
2033	______,000	______%	2043	______,000	______%

Dated: October 3, 2023

____

RSA Advisors, LLC,
As Agent for the Lawrence County
School District Finance Corporation