PRELIMINARY OFFICIAL STATEMENT

DATED MAY 22, 2024

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)

$1,725,000*
LESLIE COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REVENUE BONDS, SERIES OF 2024

Dated with Delivery: JUNE 20, 2024 **Due: as shown below**

Interest on the Bonds is payable each June 1 and December 1, beginning December 1, 2024. The Bonds will mature as to principal on June 1, 2025, 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-Jun	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Jun	Amount*	Interest Rate	Reoffering Yield	CUSIP
2025	$55,000	%	%		2035	$85,000	%	%	
2026	$55,000	%	%		2036	$90,000	%	%	
2027	$75,000	%	%		2037	$95,000	%	%	
2028	$85,000	%	%		2038	$100,000	%	%	
2029	$55,000	%	%		2039	$100,000	%	%	
2030	$70,000	%	%		2040	$105,000	%	%	
2031	$75,000	%	%		2041	$120,000	%	%	
2032	$15,000	%	%		2042	$120,000	%	%	
2033	$70,000	%	%		2043	$135,000	%	%	
2034	$80,000	%	%		2044	$140,000	%	%	

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 Leslie 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 Leslie County Board of Education.

The Leslie County (Kentucky) School District Finance Corporation will until May 30, 2024, 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, Carriage House, 700 Louisville Rd., 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 $175,000.**

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.

R S A
advisors

LESLIE COUNTY
BOARD OF EDUCATION

Lonnie Napier, Chairperson
David Lewis, Member
Coy Asher, Member
Robin Lewis, Member
Neil Lewis, Member

Brett Wilson, Superintendent/Secretary

LESLIE COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Lonnie Napier, President
David Lewis, Member
Coy Asher, Member
Robin Lewis, Member
Neil Lewis, Member

Brett Wilson, Secretary
Stacey Hubbard, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

US 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 Leslie County School District Finance Corporation School Building Revenue Bonds, Series of 2024, 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

$1,725,000*

LESLIE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2024

**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 Leslie County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2024 (the "Bonds").

The Bonds are being issued to finance improvements to Leslie 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 statutory mortgage lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Leslie 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 Leslie 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 June 20, 2024, 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 $23,758 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 June 1, 2044, 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, 2026. Inter alia, the Budget provides $116,928,400 in FY 23024-25 and $126,269,500 in FY 2025-2026 to pay debt service on existing and future bond issues. There are $75,900,000 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 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020,2022, and 2024 Regular Sessions of the Kentucky General Assembly appropriated funds to be used for new debt service of participating school districts. The appropriations for each biennium are shown in the following table:

Biennium	Appropriation
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
2024-26	22,280,000
Total	$142,617,000

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 2000 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, 2026

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, 2026 which was approved and signed recently by the Governor. Such budget becomes effective July 1, 2024.

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
2011 QSCB	$4,036,000	$4,036,000	$3,077,464	$958,536	5.000%	2030
2012	$1,355,000	$650,000	$1,355,000	$0	2.750% - 3.750%	2032
2012B	$1,830,000	$1,090,000	$1,577,128	$252,872	2.000% - 3.000%	2032
2016-REF	$6,125,000	$2,435,000	$1,109,420	$5,015,580	3.000%	2027
2019	$720,000	$610,000	$0	$720,000	2.000% - 3.000%	2039
2020-REF	$720,000	$505,000	$573,262	$146,738	1.000% - 1.500%	2029
2020B-REF	$1,820,000	$1,335,000	$1,820,000	$0	1.250% - 2.100%	2031
2021-REF	$4,755,000	$3,555,000	$4,755,000	$0	1.000% - 1.250%	2031
2022	$450,000	$410,000	$265,888	$184,112	2.000% - 2.750%	2042
2022 Energy	$1,320,000	$1,253,000	$1,320,000	$0	2.000% - 3.250%	2042
Totals:	$23,131,000	$15,879,000	$15,853,162	$7,277,838		

AUTHORITY

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

i) the issuance of approximately $1,725,000 of Bonds subject to a permitted adjustment of $175,000;

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 June 20, 2024, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2024, and will mature as to principal on June 1, 2025, 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).US 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 June 1 and December 1 of each year, beginning December 1, 2024 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after June 1, 2033, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2032, 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
June 1, 2032, 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 Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a statutory mortgage lien on and pledge of revenue from the school building Project; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the school building(s) which constitute the school building Project (the "Parity Bonds"). 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 Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from June 20, 2024, 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 June 1, 2044, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

Authorization of General Obligation Bonds

The Kentucky Legislature recently passed and the Governor signed HB 727 which, 90 days after the adjournment of the Legislature, will authorize Kentucky Boards of Education to issue general obligation bonds within certain limitations prescribed by Kentucky law. The Board does not currently have any specific plan to issue general obligation bonds. Issuance by the Board of general obligation debt in the future would not affect either the Board's obligation to make lease payments to the Corporation for payment of debt service on the Bonds or the security for the Bonds.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately $23,758 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 approximately 18% 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 June 1, 2044, 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 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 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 improvements to Leslie 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.

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 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 plans and specifications 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.

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>

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 82% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	--- Series 2024 School Building Revenue Bonds --- (LOCAL/SFCC) Principal Portion	Interest Portion	Total Payment	Local Portion	SFCC Portion	Total Restricted Fund Bond Payments
2024	$1,108,666						$1,108,666
2025	$1,113,224	$55,000	$65,123	$120,123	$96,365	$23,758	$1,209,589
2026	$1,108,001	$55,000	$66,607	$121,607	$97,849	$23,758	$1,205,850
2027	$1,094,762	$75,000	$64,545	$139,545	$115,787	$23,758	$1,210,548
2028	$1,086,862	$85,000	$61,845	$146,845	$123,087	$23,758	$1,209,948
2029	$1,117,444	$55,000	$58,870	$113,870	$90,112	$23,758	$1,207,555
2030	$1,105,942	$70,000	$56,972	$126,972	$103,214	$23,758	$1,209,156
2031	$1,107,315	$75,000	$54,557	$129,557	$105,799	$23,758	$1,213,114
2032	$972,554	$15,000	$51,970	$66,970	$43,212	$23,758	$1,015,766
2033	$297,495	$70,000	$51,445	$121,445	$97,687	$23,758	$395,182
2034	$15,021	$80,000	$48,960	$128,960	$105,202	$23,758	$120,222
2035	$13,133	$85,000	$46,080	$131,080	$107,322	$23,758	$120,454
2036	$16,170	$90,000	$42,935	$132,935	$109,177	$23,758	$125,347
2037	$14,135	$95,000	$39,470	$134,470	$110,712	$23,758	$124,846
2038	$12,096	$100,000	$35,670	$135,670	$111,912	$23,758	$124,008
2039	$14,984	$100,000	$31,520	$131,520	$107,762	$23,758	$122,746
2040	$12,019	$105,000	$27,270	$132,270	$108,512	$23,758	$120,530
2041	$5,396	$120,000	$22,755	$142,755	$118,997	$23,758	$124,393
2042	$9,209	$120,000	$17,535	$137,535	$113,777	$23,758	$122,986
2043		$135,000	$12,267	$147,267	$123,509	$23,758	$123,509
2044		$140,000	$6,286	$146,286	$122,528	$23,758	$122,528
Totals:	$10,224,428	$1,725,000	$862,675	$2,587,675	$2,112,515	$475,160	$12,336,943

Note: 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	$1,725,000.00
Total Sources	$1,725,000.00
Uses:	
Deposit to Construction Fund	$1,660,700.00
Underwriter's Discount (2%)	34,500.00
Cost of Issuance	29,800.00
Total Uses	$1,725,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	2,064.2	2012-13	1,573.6
2001-02	1,961.0	2013-14	1,578.8
2002-03	1,938.9	2014-15	1,556.8
2003-04	1,941.1	2015-16	1,519.6
2004-05	1,853.0	2016-17	1,505.0
2005-06	1,786.4	2017-18	1,500.9
2006-07	1,739.0	2018-19	1,502.5
2007-08	1,678.7	2019-20	1,477.0
2008-09	1,653.6	2020-21	1,477.0
2009-10	1,612.8	2021-22	1,534.0
2010-11	1,568.6	2022-23	1,534.0
2011-12	1,567.7	2023-24	1,479.3

Source: Kentucky 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 $4,000 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 Leslie County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	206,420.0	2012-13	157,364.0
2001-02	196,100.0	2013-14	157,879.0
2002-03	193,890.0	2014-15	155,683.0
2003-04	194,110.0	2015-16	151,960.0
2004-05	185,300.0	2016-17	150,498.1
2005-06	178,640.0	2017-18	150,090.0
2006-07	173,900.0	2018-19	150,251.9
2007-08	167,870.0	2019-20	147,700.0
2008-09	165,358.0	2020-21	147,703.5
2009-10	161,279.0	2021-22	153,401.0
2010-11	156,860.0	2022-23	153,401.0
2011-12	156,770.0	2023-24	147,926.1

Source: Kentucky Department of Education.

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	51	347,689,205	1,773,215
2001-02	51	421,835,097	2,151,359
2002-03	49.9	334,712,883	1,670,217
2003-04	49.9	330,676,967	1,650,078
2004-05	47.6	396,171,483	1,885,776
2005-06	48.8	434,253,520	2,119,157
2006-07	50.2	434,623,435	2,181,810
2007-08	48.8	520,132,591	2,538,247
2008-09	51.4	587,215,619	3,018,288
2009-10	51.4	629,425,996	3,235,250
2010-11	48	554,534,777	2,661,767
2011-12	64.1	573,648,637	3,677,088
2012-13	63.7	698,159,718	4,447,277
2013-14	58	653,802,115	3,792,052
2014-15	60.4	604,773,371	3,652,831
2015-16	66.6	540,933,673	3,602,618
2016-17	67.3	555,869,551	3,741,002
2017-18	51.6	421,734,020	2,176,148
2018-19	66.7	394,463,986	2,631,075
2019-20	80	389,553,086	3,116,425
2020-21	74.4	384,613,196	2,861,522
2021-22	77.7	380,566,814	2,957,004
2022-23	77.5	386,418,491	2,994,743
2023-24	78.8	405,063,570	3,191,901

Source: Kentucky Department of Education.

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Leslie County School District or other issuing agency within Leslie 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 Leslie			
General Obligation	6,325,000	2,000,000	4,325,000
City of Hyden			
Sewer Revenue	455,000	69,200	385,800
Improvement Project Revenue	274,000	53,000	221,000
Special Districts			
Hyden/Leslie Co Water District	3,955,000	846,500	3,108,500
Total:	11,009,000	2,968,700	8,040,300

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	9,207,950	1,773,215	10,981,165
2001-02	8,483,938	2,151,359	10,635,297
2002-03	9,291,700	1,670,217	10,961,917
2003-04	9,214,846	1,650,078	10,864,924
2004-05	8,750,832	1,885,776	10,636,608
2005-06	8,811,654	2,119,157	10,930,811
2006-07	8,745,800	2,181,810	10,927,610
2007-08	8,852,466	2,538,247	11,390,713
2008-09	8,737,568	3,018,288	11,755,856
2009-10	7,478,819	3,235,250	10,714,069
2010-11	7,419,657	2,661,767	10,081,424
2011-12	7,865,181	3,677,088	11,542,269
2012-13	7,127,780	4,447,277	11,575,057
2013-14	7,584,108	3,792,052	11,376,160
2014-15	7,836,110	3,652,831	11,488,941
2015-16	7,987,456	3,602,618	11,590,074
2016-17	7,875,933	3,741,002	11,616,935
2017-18	8,610,842	2,176,148	10,786,990
2018-19	8,994,569	2,631,075	11,625,644
2019-20	8,776,647	3,116,425	11,893,072
2020-21	8,477,950	2,861,522	11,339,472
2021-22	9,275,682	2,957,004	12,232,686
2022-23	9,542,847	2,994,743	12,537,590
2023-24	9,505,568	3,191,901	12,697,469

(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 $0.7880 for FY 2023-24. 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

As a result of the Board and issuing agencies acting on behalf of the Board offering for public sale municipal securities in excess of $1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

As of the date of this Official Statement, the Corporation and the Board are in compliance "in all material respects" with the reporting requirements of the Rule for the past five years.

Financial information regarding the Board may be obtained from Superintendent, Leslie County School District Board of Education, PO Box 949, 27 Eagle Lane, Hyden, Kentucky 41749, Telephone 606-672-2397.

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 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 minimum 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, 2024, 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 Leslie 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 Leslie County 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 Leslie 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

Leslie County School District Finance Corporation
School Building Revenue Bonds,
Series of 2024

Demographic and Economic Data

LESLIE COUNTY, KENTUCKY

Leslie County, situated in the Eastern Coal Field Region of Kentucky, covers a land area of 409 square miles. It is surrounded by Bell, Clay, Hardin and Perry Counties. In 2023, Leslie County had a population of 10,143.

Hyden, the county seat of Leslie County, is located in the southeastern part of Kentucky. Hyden is 189 miles southeast of Louisville, Kentucky; 128 miles southeast of Lexington, Kentucky; and 156 miles north of Knoxville, Tennessee. Hyden had a 2023 population of 298.

The Economic Framework

In 2023, Leslie County had a labor force of 3,726, with an unemployment rate of 7.3%. The top five jobs by occupation were as follows: office and administrative support - 234 (20.38%); health technologists, technicians - 119 (10.37%); executive, managers and administrators - 113 (9.84%); healthcare support - 97 (8.45%); and food preparation, serving - 78 (6.79%).

Education

The Leslie County School System provides primary and secondary education to Hyden and Leslie County.

LOCAL GOVERNMENT

Structure

The City of Hyden is governed by a mayor and council members. The mayor is elected to a four-year term, while the council members each serve two-year terms. Leslie County is governed by a county judge/executive and commissioners. Each county official is elected to a four-year term.

Property Taxes

All property in Kentucky, except items exempted by the state constitution, is taxed by the state. Property which also may be taxed by local jurisdictions includes land and buildings, finished goods inventories, automobiles, trucks, office furniture and office equipment. Local taxing jurisdictions in Kentucky include counties, cities, and school districts. All property in Kentucky is assessed at 100 percent of fair cash value.

LABOR MARKET STATISTICS

The Leslie County Labor Market Area includes Leslie County and the adjoining Kentucky counties of Bell, Clay, Harlan, Knott, Laurel, and Perry.

POPULATION

Area	2021	2022	2023
Leslie County	10,352	10,292	10,124
Hyden	301	295	293

Source: Kentucky Cabinet for Economic Development

POPULATION PROJECTIONS

Area	2025	2030	2035
Leslie County	9,505	8,831	8,158

Source: University of Louisville, Urban Studies Center, State Data Center.

EDUCATION

Public Schools

	Leslie County
Total Enrollment (2022-23)	1,531
Pupil-Teacher Ratio (2022-23)	15 - 1

Source: Kentucky Department of Education

Vocational Training

Vocational training is available at both the state vocational-technical schools and the area vocational education centers. The state vocational-technical schools are post-secondary institutions. The area vocational education centers are designed to supplement the curriculum of high school students. Both the state vocational-technical schools and the area vocational education centers offer evening courses to enable working adults to upgrade current job skills.

Arrangements can be made to provide training in the specific production skills required by an industrial plant. Instruction may be conducted either in the vocational school or in the industrial plant, depending upon the desired arrangement and the availability of special equipment.

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers.

The Bluegrass State Skills corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

Vocational School	Location	Cumulative Enrollment 2022-2023
Bell County ATC	Pineville, KY	486
Breathitt County ATC	Jackson, KY	399
Clay County ATC	Manchester, KY	347
Corbin ATC	Corbin, KY	526
Floyd County ATC (GARTH)	Martin, KY	273
Jackson County ATC	McKee, KY	337
Knott County ATC	Hindman, KY	315
Knox County ATC	Barbourville, KY	372
Lee County ATC	Beattyville, KY	265
Leslie County ATC	Hyden, KY	403
Letcher County ATC	Whitesburg, KY	468
Millard ATC	Millard, KY	294
Morgan County ATC	West Liberty, KY	411
Rockcastle County ATC	Mt. Vernon, KY	402

Source: Kentucky Department of Education

Colleges and Universities

Name	Location	Enrollment (Fall 2022)
Alice Lloyd College	Pippa Passes, KY	570
Berea College	Berea, KY	1,433
Union College	Barbourville, KY	789
University of the Cumberlands	Williamsburg, KY	5,174
University of Pikeville	Pikeville, KY	1,483

Source: US News & World Report

EXISTING INDUSTRY

Firm	Product	Total Employed
Hyden		
4M Lumber LLC	Lumber	1
BPM Lumber LLC	Hardwood lumber sawmill	4

Source: Kentucky Directory of Manufacturers (8/02/2020).

APPENDIX B

Leslie County School District Finance Corporation
School Building Revenue Bonds
Series of 2024

Audited Financial Statement ending June 30, 2023

LESLIE COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND REPORT OF AUDIT

For the Year Ended June 30, 2023

LESLIE COUNTY SCHOOL DISTRICT

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For the Year Ended June 30, 2023

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For the Year Ended June 30, 2023

Chris Gooch
Certified Public Accountant
P.O. Box 1536
Hazard, Kentucky 41702
(606) 436-5700 FAX: (606) 436-5701
chrisgooch@chrisgoochcpa.com

INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of Leslie County Board of Education
Hyden, 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 Leslie County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Leslie 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 Leslie County School District, as of June 30, 2023, 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 State Committee for School District Audits in the Kentucky Public School District's Audit Contract and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Leslie 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 described in the notes to the financial statements, during the year ended June 30, 2023, the Leslie County School District adopted new accounting guidance, GASB No. 96 *Subscription-Based Information Technology Arrangements.* 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 Leslie 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 Leslie 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 Leslie 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, budgetary comparison information and pension/OPEB supplemental reporting as listed in the table contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Leslie 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 Leslie 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 Leslie County School District's internal control over financial reporting and compliance.

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 15, 2023

LESLIE COUNTY SCHOOL DISTRICT
HYDEN, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

As management of the Leslie County School 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, 2023. This information should be considered in conjunction with the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

- The end of year cash balance was $4,382,285. Of this amount, $185,560 was recognized in separate activity fund checking accounts. The beginning cash balance, for the District was $6,895,439 for which $183,882 was applicable to separate school activity fund checking accounts.

- Total federal expenditures as reflected on the schedule of expenditures of federal awards for year ended June 30, 2023 was $10,413,278 and for June 30, 2022 was $7,355,557.

- Interest revenue totaled $28,446 for the current year ended and for the prior year the total interest revenue was $31,287.

- The District recognized additional depreciable fixed assets totaling $483,256 at June 30, 2023. In addition, construction projects in progress were added to fixed assets totaling $7,120,595.

- The District financial statements recognize prior year depreciation on WB Muncy renovations and replacement project in the amount of $2,191,262. Also, the financial statements recognize an allocation of $808,570 of the WB Muncy project to its school food service fund.

- The District's long-term debt bond reduction was $1,648,875 for the fiscal year end. This includes applicable School Facilities Construction Commission (SFCC) portion. In addition, for the fiscal year end, the District added $215,673 principal for KISTA school bus acquisition debt and KISTA debt was reduced by $165,460. In addition, debt reduction of $18,466 for principal related to Daimler Truck Financing and $55,450 principal related to KSBIT occurred during the year.

- The District acquired school bus financing through KISTA in the current fiscal year totaling $215,673.

- Total 2023 general fund revenue was $12,541,446 exclusive of on-behalf state payments totaling $5,068,602 consisting primarily of state program (SEEK), property, utilities and motor vehicle taxes. Excluding on behalf payments, the District had $12,062,863 in general fund expenditures.

- Total 2022 general fund revenue was $11,970,970 exclusive of on-behalf state payments totaling $4,028,282 consisting primarily of state program (SEEK), property, utilities and motor vehicle taxes. Excluding on behalf payments, the District had $12,029,200 in general fund expenditures.

- The District recognized material subscription based information technology arrangements beginning July 1, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

The 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.

Government-wide financial statements

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

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

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

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

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. The funds of the District are into governmental and proprietary funds. Proprietary funds include the school food service fund. All other activities are reported under governmental funds.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $18,299,999.

The greatest 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 ongoing construction projects, where applicable), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net position for the year ended June 30, 2023

Following are comparisons of governmental net position:

	At June 30,	
	2023	2022
Current assets	9,116,534	8,056,302
Noncurrent assets	41,064,198	36,841,888
Deferred outflows of resources	5,298,341	3,412,090
Total assets and deferred outflows of resources	55,479,073	48,310,280
Current liabilities	6,036,839	4,205,098
Noncurrent liabilities	27,492,135	26,891,658
Deferred inflows of resources	3,650,100	4,054,807
Total liabilities and deferred inflows of resources	37,179,074	35,151,563
- Net position -		
Net investment in capital assets	24,577,563	18,790,950
Restricted	1,122,613	2,136,287
Unrestricted (deficit)	(7,400,177)	(7,768,520)
Total net position	18,299,999	13,158,717
Total liabilities, deferred inflows of resources and net position	55,479,073	48,310,280

The comparison reflects the following:

- Cash decreased $2,513,514 from the previous year.

- Intergovernmental – indirect federal accounts receivable increased $2,360,473 from the previous year.

- Changes in non-current assets include increase in construction in progress, $4,430,405 and recognition of annual depreciation expense, $1,277,565.

- The deficit unrestricted net position balance at June 30, 2023 is primarily the result of recognition of CERS/KTRS unfunded net pension/OPEB liabilities in the amount of $11,571,899 for governmental and $1,222,474 for proprietary fund activities.

Comments on budget comparisons

The following table presents a comparison of budget to actual for the general fund:

	Final	Actual	Variance Favorable (Unfavorable)
Revenues:			
From local sources			
Taxes	2,641,397	2,893,402	252,005
Earnings on investments	20,000	25,433	5,433
Other local revenue	21,200	86,777	65,577
Intergovernmental - state	13,697,882	14,466,048	768,166
Intergovernmental - indirect federal	60,000	138,388	78,388
Total revenues	16,440,479	17,610,048	1,169,569
Expenditures:			
Instructional	8,025,597	8,629,973	(604,376)
Student support services	993,350	1,211,147	(217,797)
Staff support services	594,832	783,551	(188,719)
District administration	600,703	660,484	(59,781)
School administration	1,164,063	1,275,024	(110,961)
Business support	323,417	406,372	(82,955)
Plant operation and management	2,700,805	2,292,394	408,411
Student transportation	1,893,193	1,607,008	286,185
Community service activities	18,339	675	17,664
Employee benefits	150,000	53,581	96,419
Debt service	282,888	211,256	71,632
Contingency	3,100,413	-	3,100,413
Total expenditures	19,847,600	17,131,465	2,716,135
Excess (deficit) of revenue over expenditures	(3,407,121)	478,583	3,885,704

LESLIE COUNTY SCHOOL DISTRICT
HYDEN, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2023

- Actual and budgeted general fund revenues and expenditures reflect state on-behalf payments for retirement, health and life insurance and technical education in the amount of $5,068,602.

- Current year ad valorem tax revenue was $2,229,948 for the fiscal year ended including unmined mineral tax revenue of $143,272. Prior year general fund ad valorem tax revenue was $1,972,208 including $96,446 in unmined mineral tax revenue.

The following table presents a summary comparison of statement of activities for the fiscal years ended June 30, 2023 and 2022:

	At June 30,	
	2023	2022
Revenues:		
Local revenue sources	4,172,894	3,850,835
State revenue sources	18,043,341	18,280,717
Federal revenue	10,961,944	7,968,972
Total revenues	33,178,179	30,100,524
Expenses:		
Instruction	13,412,612	14,754,257
Student support services	1,402,022	1,291,432
Instructional support	911,132	836,266
District administration	661,148	615,917
School administration	1,289,550	1,288,994
Business support	453,021	461,119
Plant operation and management	3,520,300	2,894,184
Student transportation	1,885,156	1,969,873
Community support and other	375,355	550,244
Food service	1,710,315	1,351,715
Interest on long-term debt	333,399	215,716
Total expenses	25,954,010	26,229,717
Change in net position	7,224,169	3,870,807

- 2023 state revenue sources and related expenses reflect on-behalf adjustment recognition for the difference in the State's proportionate share of plan pension/OPEB expense and on-behalf payments made by the State for the fiscal year.

- SEEK program general fund revenues were $9,389,446 in 2022-23 and $9,122,281 in 2021-22.

- Increases in federal revenue reflect COVID relief funding and also recognized in the schedule of federal awards expended.

- Certain increases in expenses reflect impacts of full-time on campus school instruction.

- Governmental depreciation expense was $1,193,946 for the current year and $978,195 for the prior year.

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 overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with $3,100,413 in contingency (15.50%).

Results of the current fiscal year and recent historical trends for the District were taken into account when preparing the subsequent year budget. No significant changes in revenue or expense items are foreseeable. The District's tax rates and tax base remain effectively the same. The District has assessed and considered underlying economical and funding factors at the federal, state, and local level and other non-financial areas including demographics, local economy and risk of loss of student population that may have a significant impact on the financial statements when preparing subsequent years budgets.

Questions regarding this report should be directed to the Superintendent or the Finance Officer at (606) 672-2397.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSTION

At June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
- Current assets -			
Cash and cash equivalents	3,906,595	475,690	4,382,285
Interfund receivable	1,105,600	-	1,105,600
Accounts receivable:			
Taxes - current	224,542	-	224,542
Taxes - delinquent	7,320	-	7,320
Other	10,786	-	10,786
Intergovernmental - indirect federal	3,350,438	-	3,350,438
Inventories	-	35,563	35,563
Total current assets	8,605,281	511,253	9,116,534
- Noncurrent assets -			
Capital assets - non-depreciable	11,187,299	-	11,187,299
Capital assets - depreciable (net)	28,241,460	1,548,154	29,789,614
Subscription assets - (net)	87,285	-	87,285
Total noncurrent assets	39,516,044	1,548,154	41,064,198
Deferred Outflows of Resources			
Deferred outflows - pension/OPEB resources	4,783,327	381,491	5,164,818
Deferred outflows - bond issues	133,523	-	133,523
Total deferred outflows of resources	4,916,850	381,491	5,298,341
Total assets and deferred outflows of resources	53,038,175	2,440,898	55,479,073

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSTION (Continued)

At June 30, 2023

	Governmental Activities	Business-type Activities	Total
Liabilities:			
- Current liabilities -			
Interfund payable	1,105,600	-	1,105,600
Accounts payable	472,926	8,293	481,219
Current portion of KSBIT payable	57,175	-	57,175
Current portion of financed purchases	182,218	-	182,218
Current portion of bonds payable	1,680,342	-	1,680,342
Interest payable	302,780	-	302,780
Unearned revenues governmental sources	2,227,505	-	2,227,505
Total current liabilities	6,028,546	8,293	6,036,839
- Noncurrent liabilities -			
Long term portion of sick leave payable	374,615	-	374,615
Long term portion of KSBIT payable	59,028	-	59,028
Long term portion of financed purchases	774,981	-	774,981
Noncurrent portion of bonds payable	13,489,138	-	13,489,138
Net pension/OPEB liability	11,571,899	1,222,474	12,794,373
Total noncurrent liabilities	26,269,661	1,222,474	27,492,135
Total liabilities	32,298,207	1,230,767	33,528,974
Deferred Inflows of Resources:			
Deferred inflows of resources - pension/OPEB	3,396,731	253,369	3,650,100
Net position:			
Net investment in capital assets	23,029,409	1,548,154	24,577,563
Restricted for:			
Other	619,653	502,960	1,122,613
Unrestricted (deficit)	(6,305,825)	(1,094,352)	(7,400,177)
Total net position	17,343,237	956,762	18,299,999
Total liabilities, deferred inflow of resources and net position	53,038,175	2,440,898	55,479,073

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS:				
- Governmental activities -				
Instructional	13,412,612	-	(8,174,495)	-
Support services:				
Student	1,402,022	-	(608,511)	-
Instructional staff	911,132	-	(406,011)	-
District administration	661,148	-	(208,977)	-
School administration	1,289,550	-	(487,612)	-
Business support	453,021	-	(185,865)	-
Plant operation and maintenance	3,520,300	-	(1,329,854)	-
Student transportation	1,885,156	-	(787,000)	-
Community services operations	297,594	-	(301,441)	-
Other	77,761	-	-	-
Interest on long-term debt	333,399	-	-	-
Total governmental activities	24,243,695	-	(12,489,766)	-
- Business-type activities -				
Food service	1,710,315	(155,777)	(1,498,529)	-
Total business-type activities	1,710,315	(155,777)	(1,498,529)	-
Total primary government	25,954,010	(155,777)	(13,988,295)	-

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES (continued)

For the Year Ended June 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
	(5,238,117)	-	(5,238,117)
	(793,511)	-	(793,511)
	(505,121)	-	(505,121)
	(452,171)	-	(452,171)
	(801,938)		(801,938)
	(267,156)	-	(267,156)
	(2,190,446)	-	(2,190,446)
	(1,098,156)	-	(1,098,156)
	3,847	-	3,847
	(77,761)	-	(77,761)
	(333,399)	-	(333,399)
	(11,753,929)	-	(11,753,929)
	-	(56,009)	(56,009)
	-	(56,009)	(56,009)
	(11,753,929)	(56,009)	(11,809,938)
General revenues and transfers:			
Taxes	3,279,820	-	3,279,820
Investment earnings	25,920	2,526	28,446
State and formula grants	15,016,990	-	15,016,990
Miscellaneous	708,851	-	708,851
Total general revenues and transfers	19,031,581	2,526	19,034,107
Change in net position	7,277,652	(53,483)	7,224,169
Net position - July 1, 2022 - restated	10,065,585	1,010,245	11,075,830
Net position - June 30, 2023	17,343,237	956,762	18,299,999

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

At June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Non-major Funds	Total Governmental Funds
Assets and resources:					
Cash and cash equivalents	3,322,543	-	387,600	196,452	3,906,595
Interfund receivable	1,105,600	-	-	-	1,105,600
Accounts receivable:					
Taxes - current	224,542	-	-	-	224,542
Taxes - delinquent	7,320	-	-	-	7,320
Other	10,786	-	-	-	10,786
Intergovernmental - indirect federal	14,953	3,335,485	-	-	3,350,438
Total assets	4,685,744	3,335,485	387,600	196,452	8,605,281
Liabilities:					
Interfund payable	-	1,105,600	-	-	1,105,600
Accounts payable	470,546	2,380	-	-	472,926
Advances from grantors	-	2,227,505	-	-	2,227,505
Total liabilities	470,546	3,335,485	-	-	3,806,031
Fund balance					
Restricted - other	-	-	387,600	1,176	388,776
Assigned fund balance	227,884	-	-	2,992	230,876
Unassigned fund balance (deficit)	3,987,314	-	-	192,284	4,179,598
Total fund balances	4,215,198	-	387,600	196,452	4,799,250
Total liabilities and fund balances	4,685,744	3,335,485	387,600	196,452	8,605,281

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

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

At June 30, 2023

Total fund balances per fund financial statements	4,799,250
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 are reported in the statement of net position.	39,428,759
Subscription assets are not reported in this fund financial statement but are recorded as cash outflows in the period occurred in government wide financial statements.	87,285
Deferred outflows on refunded debt and pension/OPEB resources are reported in government wide financial statements but not in fund financial statements.	4,916,850
Long-term sick leave payable is not recognized in the fund financial statements.	(374,615)
Certain liabilities (such as bonds payable and KSBIT payable) are not reported in this fund financial statement because they are not due and payable, and related interest, but are presented in the statement of net position.	(16,545,662)
Net pension obligations are not due and payable in the current period, and therefore, are not reported in the fund financial statements.	(11,571,899)
Deferred inflows of resources related to pensions/OPEB are not reported in the fund financial statements.	(3,396,731)
Net position for governmental activities	17,343,237

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes	2,893,402	-	-	386,418	3,279,820
Earnings on investments	25,433	-	-	487	25,920
Other local revenue	86,777	76,667	-	545,407	708,851
Intergovernmental - state	14,466,048	1,230,585	-	2,044,222	17,740,855
Intergovernmental - indirect federal	138,388	9,627,513	-	-	9,765,901
Total revenues	17,610,048	10,934,765	-	2,976,534	31,521,347
Expenditures:					
Instructional	8,629,973	4,203,939	-	547,000	13,380,912
Student support services	1,211,147	190,558	-	-	1,401,705
Staff support services	783,551	127,375	-	-	910,926
District administration	660,484	-	-	-	660,484
School administration	1,275,024	-	-	-	1,275,024
Business support	406,372	46,547	-	-	452,919
Plant operations and maintenance	2,292,394	563,606	-	-	2,856,000
Student transportation	1,607,008	90,411	-	-	1,697,419
Community service activities	675	296,852	-	-	297,527
Educational specific	-	4,589	-	-	4,589
Employee benefits	53,581	-	-	-	53,581
Building improvements	-	-	7,118,182	-	7,118,182
Debt service:					
Principal	183,926	-	-	1,598,079	1,782,005
Interest	27,330	-	-	316,521	343,851
Total expenditures	17,131,465	5,523,877	7,118,182	2,461,600	32,235,124
Excess (deficit) of revenues over expenditures	478,583	5,410,888	(7,118,182)	514,934	(713,777)
Other financing sources (uses):					
Other items	(59,987)	-	-	-	(59,987)
Operating transfers in	592,673	36,274	5,853,493	1,195,915	7,678,355
Operating transfers out	(519,238)	(5,447,162)	-	(1,711,955)	(7,678,355)
Total other financing sources (uses)	13,448	(5,410,888)	5,853,493	(516,040)	(59,987)
Changes in fund balance	492,031	-	(1,264,689)	(1,106)	(773,764)
Fund balance - July 1, 2022	3,723,167	-	1,652,289	197,558	5,573,014
Fund balance - June 30, 2023	4,215,198	-	387,600	196,452	4,799,250

See notes to financial statements.

LESLIE 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, 2023

Net change in total fund balances per fund financial statements	(773,764)
Amounts reported for governmental activities in the statement of activities differences:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as deprecation expense.	
Depreciation recorded in government wide financial statements.	(1,193,946)
Capital assets are reflected net of prior depreciation in the government wide financial statements.	7,603,851
Interest expense on long-term debt is recognized in the fund financial statements when paid; and, accrued in the government wide financial statement of activities.	(200,683)
Accrued sick leave is recognized when incurred in the fund financial statements.	(19,592)
Subscription based techonolgy arrangements are recognized as asset and amortized over the contract period for government wide financial statements.	(21,089)
Bond principal and other debt service payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of net position.	
Bond principal payments	1,648,875
Capital lease financing	165,460
Other financing	55,450
KSBIT debt service payments	18,466
Governmental funds report district pension/OPEB contributions as expenditures. However, in the statement of activities, the cost of pension/OPEB benefits earned net of employee contributions and subsequent contributions after the measurement date is reported as pension/OPEB expense.	(5,376)
Change in net position of governmental activities	7,277,652

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

At June 30, 2023

	Food Service Fund
Assets:	
- Current Assets -	
Cash and cash equivalents	475,690
Inventories	35,563
Total current assets	511,253
- Noncurrent Assets -	
Depreciable capital assets	3,216,874
Less: accumulated depreciation	(1,668,720)
Total noncurrent assets	1,548,154
Deferred Outflows of Resources	
Deferred outflows - pension resources	240,629
Deferred outflows - OPEB resources	140,862
Total deferred outflow of resources	381,491
Total assets and deferred outflow of resources	2,440,898
Liabilities:	
- Current Liabilities -	8,293
- Noncurrent liabilities -	
Unfunded pension liability	960,346
Unfunded OPEB liability	262,128
Total non-current liabilities	1,222,474
Total liabilities	1,230,767
Deferred Inflow of Resources	
Deferred inflows - pension resources	114,795
Deferred inflows - OPEB resources	138,574
Total deferred inflow of resources	253,369
Net position:	
Net investment in capital assets	1,548,154
Unrestricted (deficit)	(1,094,352)
Restricted other	502,960
Total net position	956,762
Total liabilities, deferred inflow of resources and net position	2,440,898

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Food Service Fund
Operating revenues:	
Lunchroom sales	155,777
State revenue	10,043
On-behalf contributions:	
Kentucky Department of Education	292,443
Commodities	82,078
Federal revenue	1,113,965
Total operating revenues	1,654,306
Operating expense:	
Salaries and wages	987,412
Contract services	18,009
Materials and supplies	621,275
Depreciation	83,619
Total operating expenses	1,710,315
Operating income (loss)	(56,009)
Nonoperating revenue/(expense):	
Interest income	2,526
Total nonoperating revenue/(expense)	2,526
Change in net position	(53,483)
Net position, July 1, 2022 - restated	1,010,245
Net position, June 30, 2023	956,762

See notes to financial statements.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Food Service Fund
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	155,777
State revenue	10,043
Federal revenue	1,125,178
Cash paid to/for:	
Employees	(621,424)
Supplies/Contractual	(558,664)
Net cash provided (used) by operating activities	110,910
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	-
Cash flows from investing activities:	
Interest income	2,526
Cash flows from financing activities:	
Indirect costs transfer	-
Net increase (decrease) in cash	113,436
Cash, beginning of year	362,254
Cash, end of year	475,690
Reconciliation of operating income (loss) to net cash provided (used) by operations:	
Operating income (loss)	(56,009)
Adjustments to reconcile operating income to cash provided (used) by operating activities:	
Depreciation	83,619
(Increase) decrease in deferred outflows - pension/OPEB resources	(51,032)
Increase (decrease) in deferred inflows - pension/OPEB resources	(30,232)
Increase (decrease) in net pension/OPEB liability	154,809
Changes in current assets/liabilities:	
Accounts receivable	11,213
Inventories	(6,767)
Accounts payable	5,309
Net cash provided (used) by operating activities	110,910

Noncash transactions include $292,443 on-behalf payments recognized for the school food service program from Kentucky Department of Education, $82,078 donated commodities, the net effect of net pension unfunded liabilities and related deferrals, $73,545 and, depreciation, $83,619.

See notes to financial statements.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Leslie 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 Leslie County School District (District). The Board receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding sources entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as 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 Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Leslie 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 Board 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 or the respective governing board.

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

Leslie County School District Finance Corporation – On September 11, 1990, the Leslie County, Kentucky, Board of Education resolved to authorize the establishment of the Leslie 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) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Leslie County Board of Education also comprise the Corporations' 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. 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.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total position. Proprietary are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

(A) The General Fund is the primary operating fund of the District. 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 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) The Special Revenue District Activity Fund includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

I. Governmental Fund Types (continued)

(D) The Special Revenue Student Activity Fund includes funds restricted to expenditures for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Kentucky Department of Education *Uniform Program of Accounting for School Activity Funds.*

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

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

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

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

(F) 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 Funds (Enterprise Funds)

The School 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). The School Food Service Fund is a major fund.

Basis of Accounting

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

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the 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 Inflows of Resources and Deferred Outflows of Resources – A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources. On the accrual basis of accounting, unamortized deferred charges on debt refunding is reported as a deferred outflow of resources.

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 change in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred inflows.

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 – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 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.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes (continued)

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were $.72 cents per $100 valuation for real property, $.72 cents per $100 valuation for business personal property and $.474 cents 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. 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 expensed as incurred.

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

Inter-fund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund 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.

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Compensated absence liabilities are recorded based on balances for classified and certified employees with twenty-seven or more years of experience at June 30, 2023.

For governmental fund financial statements, the portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These balances are recorded in the account "accumulated sick leave payable" in the government-wide financial statements. At June 30, 2023 the long-term portion of accumulated sick leave balance recognized in the government-wide financials was $374,615. No reserve for accumulated sick leave is recognized at June 30, 2023.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are: Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP). Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

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. Cash and other assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements.

Inventories

Supplies and materials are charged to expenditures when purchased.

Donated Commodities

The fair value of donated commodities received during the year is reported in the proprietary fund statement of revenues, expenses and changes in net position as an expense and as a donated commodities revenue (non-operating revenue).

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 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Liabilities and Long-Term Obligations (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, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

GASB 63, implemented in a previous fiscal year, has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets", consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations on its use either through the enabling legislation adopted by the District or through external restrictions imposed by the creditors, grantors or laws or regulations of other governments.

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.

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 is reported as inter-fund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Recognition of Deferred Inflows and Outflows

The District implemented GASB Statement 65 which establishes accounting and financial reporting standards that reclassify certain assets and liabilities as deferred outflows of resources or deferred inflows of resources provides changes in the determination of the major fund calculations and limiting the use of "deferred" in financial statements presentations.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting and Financial Reporting for Pensions and Other Post-Employment Benefits (OPEB)

GASB Statements Nos. 67 and 68, *Accounting and Financial Reporting for Pensions* – an *amendment* of GASB Statement 27 and GASB Statement No. 71 improves accounting and financial reporting by state and local governments for pensions and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, improves information provided by state and local governmental employers about financial support for pensions and OPEB that is provided by other entities. This Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions/OPEB with regard to providing decisions-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement was effective for fiscal years beginning after June 15, 2014 for pension reporting and fiscal year beginning after June 15, 2017 for OPEB, each have been implemented by the District.

NOTE B – 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 basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the bank balance of the District's cash and cash equivalents was $4,677,501. Of the total cash balance, $250,000 was covered by Federal depository insurance and the balance was covered by a collateral agreement and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2023 consisted of the following:

	Bank Balance	Book Balance
Hyden Citizens Bank:		
General Operating Account	4,483,156	4,196,232
Hayes Lewis Elementary	14,521	14,521
Mountain View Elementary	35,415	31,123
Leslie County High School	107,477	105,888
Stinnett Elementary	12,963	12,858
WB Muncy Elementary	23,785	21,170
Cash register lunchrooms:	-	309
US Bank:		
Construction account	184	184
Total	4,677,501	4,382,285

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE C – CASH AND CASH EQUIVALENTS (continued)

Custodial credit risk is the risk that in event of bank failure the deposits may not be returned or that the District may not recover collateral securities. The District requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not retain any long-term investments. Concentrations of credit risk are the risk of loss attributed to the magnitude of the District's investments in a single issuer. All of the organization's cash is held primarily at a local financial institution. Some of the primary risks associated with these funds: a major change in interest rates; a default on a security or repurchase agreement held by the fund; proceeds from sales of collateral are less than the agreed-upon purchase price. Foreign currency risk is the risk of changes in exchange rates affecting foreign investments. The District does not hold any foreign investments.

NOTE D – LEASE/SUBSCRIPTION OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to bonds issued by the School District Finance Corporation and capital lease agreements for buses which will become the property of the District when all the terms of the lease agreement are met. The following schedule presents the capital lease activity for the year ended June 30, 2023:

Description	Maturity	Interest Rate	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Principal
KISTA Series 2014	FY 24	2.00% - 3.00%	30,417	-	14,967	15,450	15,450
KISTA Series 2015	FY 25	1.00% - 2.625%	55,425	-	20,188	35,237	17,398
KISTA Series 2017	FY 27	2.55% - 2.55%	89,437	-	18,161	71,276	18,633
KISTA Series 2019	FY 29	3.00% - 3.00%	251,431	-	35,934	215,497	36,920
KISTA Series 2020	FY 30	2.00% - 2.00%	272,794	-	33,329	239,465	34,060
KISTA Series 2021	FY 31	1.25% - 1.50%	149,084	-	18,588	130,496	16,414
KISTA Series 2022	FY32	3.00% - 3.00%	-	215,673	24,293	191,380	24,386
Total			848,588	215,673	165,460	898,801	163,261

The following table presents a schedule by years of the future minimum KISTA lease payments under capital lease as of June 30, 2023:

Year	Principal	Interest
2023 - 24	163,261	21,861
2024 - 25	146,251	17,783
2025 - 26	128,558	14,187
2026 - 27	131,694	11,051
2027 - 28	106,121	7,838
2029 - 32	222,916	10,117
Totals	898,801	82,837

NOTE D – LEASE/SUBSCRIPTION OBLIGATIONS AND BONDED DEBT (continued)

In addition, the District previously acquired vehicles through a note financing arrangement. Current year activity is as follows:

Description	Maturity	Interest Rate	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Principal
Daimler Truck Fin.	FY 26	2.66%	76,864	-	18,466	58,398	18,957

The following table presents a schedule by years of the future payments under the vehicle financing arrangement as of June 30, 2023:

Year	Principal	Interest
2023 - 24	18,957	1,553
2024 - 25	19,461	1,049
2025 - 26	19,980	531
Totals	58,398	3,133

The original amount of each issue, the issue date and interest rates of bonded debt are summarized as follows:

Issue Date	Proceeds	Rates
QSCB Series, December 2011	$4,036,000	5.00% - 5.00%
Revenue Series 2012A	1,355,000	1.00% - 3.75%
Revenue Series 2012B	1,830,000	1.00% - 3.00%
Refunding Series April 1, 2016	6,125,000	3.00% - 3.00%
Revenue Series, October 2019	720,000	2.00% - 3.00%
Refunding Series, September 2020	720,000	1.00% - 1.50%
Refunding Series, November 2020	1,820,000	1.25% - 2.10%
Refunding Series, September 2021	4,755,000	1.00% - 1.25%
Revenue Series, February 2022	450,000	2.00% - 2.75%
Energy Conservation Revenue Series, April 2022	1,320,000	2.00% - 3.25%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund and Building Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Leslie County Fiscal Court and the 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 1990, 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 on the subsequent page sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

NOTE D – LEASE/SUBSCRIPTION OBLIGATIONS AND BONDED DEBT (continued)

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund and Building Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Leslie County Fiscal Court and the 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.

The District's outstanding KISTA leases and note from direct borrowing related to governmental activities contains provision that in the event of default, outstanding balances become immediately due, with possible loss of equipment, interest rate increases and accrued fees. If default on governmental activities revenue or refunding bonds occur, lenders may assign a receiver to administer on behalf of the District allowing sufficient funds to provide for payment of principal and interest on the outstanding balances. The District has no direct outstanding long-term proprietary fund debt.

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 for the district, including amounts to be paid by the Commission, at June 30, 2023, for debt service (principal and interest) are as follows, exclusive of payments to the QSCB Escrow account as noted below:

	Leslie County School District		Kentucky School Facilities Construction Commission		
Year	Principal	Interest	Principal	Interest	Total
2023 - 24	868,518	181,881	585,482	94,674	1,730,555
2024 - 25	890,382	167,896	602,618	77,698	1,738,594
2025 - 26	899,659	153,636	619,341	60,228	1,732,864
2026 - 27	903,691	138,467	613,309	42,547	1,698,014
2027 - 28	912,676	122,617	421,324	27,710	1,484,327
2029 - 33	4,293,849	361,727	346,151	87,152	5,088,879
2034 - 38	453,234	116,889	279,766	44,505	894,394
2039 - 42	451,204	36,530	155,796	7,571	651,101
Totals	9,673,213	1,279,643	3,623,787	442,085	15,018,728

NOTE D – LEASE/SUBSCRIPTION OBLIGATIONS AND BONDED DEBT (continued)

Leslie County School District Finance Corporation issued Qualified School Construction Bonds; taxable series dated December 1, 2011 having a par amount of $4,036,000. Of this amount $3,985,909 of the proceeds were deposited directly to the construction fund for assistance in new building facilities and renovation for an elementary school. Total bond issue costs were $10,700. The bond was issued at a discount of $39,391. The official bond statements specify the District will make payments, which will be held in trust for the sole purpose of redeeming the bonds held by the bondholders at maturity. Accordingly, as principal payments are made, both the cash held in trust and the payments made into the trust will be excluded form the District's assets and liabilities, respectively.

$100,900 semi-annual interest payments are due every June and December through December 1, 2030. A federal tax credit for the same amount has been granted for each bondholder resulting in a subsidy/federal on-behalf payment for the School District. The action is a result of creation of qualified school construction bonds under the American Recovery and Reinvestment Act. The Act allows deferral of principal payments for up to 17 years and the creation of an escrow account as noted above. The bonds provide federal tax credits for bondholders in lieu of interest in order to significantly reduce the issuer's cost of borrowing. The OMB Compliance Supplement acknowledges Qualified School Construction Bonds passed through the U.S. Department of Education are not covered by the single audit requirements and are not required to be included in the Schedule of Federal Awards.

	QSCB Series 2011 Escrow Payment			Expected Escrow		QSCB Series 2011 Interest	
	Board	KSFCC		Earnings		Total	Tax Credit
2013	128,595	41,484		4,077		201,800	(201,800)
2014	127,675	42,404		8,254		201,800	(201,800)
2015	127,776	42,303		12,564		201,800	(201,800)
2016	127,863	42,216		16,955		201,800	(201,800)
2017	127,909	42,170		21,452		201,800	(201,800)
2018	127,950	42,129		26,203		201,800	(201,800)
2019	128,013	42,066		30,690		201,800	(201,800)
2020	128,101	41,978		35,504		201,800	(201,800)
2021	131,456	38,623		40,546		201,800	(201,800)
2022	131,455	38,624		45,610		201,800	(201,800)
2023	131,455	38,624		50,796		201,800	(201,800)
2024	131,456	38,623		56,263		201,800	(201,800)
2025	131,456	38,623		61,376		201,800	(201,800)
2026	131,456	38,623		67,123		201,800	(201,800)
2027	131,456	38,623		72,816		201,800	(201,800)
2028	131,456	38,623		78,655		201,800	(201,800)
2029	131,456	38,623		85,109		201,800	(201,800)
2030	128,392	41,687		90,507		201,800	(201,800)
2031	128,654	41,424		-		100,900	(100,900)
Subtotal	2,464,030	767,470		804,500		3,733,300	(3,733,300)
Realized	(1,418,248)	(452,621)	-	(292,651)	-	(2,219,800)	2,219,800
Future	1,045,782	314,849		511,849		1,513,500	(1,513,500)
Principal payment due 12/1/2030				4,036,000			

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE D – LEASE/SUBSCRIPTION OBLIGATIONS AND BONDED DEBT (continued)

Following are changes in long-term bonded debt:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Principal
QSCB Series December 2011	2,093,355	-	220,875	1,872,480	226,342
Revenue Series April 2012	790,000	-	70,000	720,000	70,000
Revenue Bonds December 2012	1,235,000	-	70,000	1,165,000	75,000
Refunding Series April 2016	3,675,000	-	610,000	3,065,000	630,000
Revenue Series October 2019	670,000	-	30,000	640,000	30,000
Refunding Series September 2020	645,000	-	70,000	575,000	70,000
Refunding Series November 2020	1,590,000	-	130,000	1,460,000	125,000
Refunding Series September 2021	4,350,000	-	395,000	3,955,000	400,000
Revenue Series February 2022	450,000	-	20,000	430,000	20,000
Energy Conservation Rev. Series Apr 2022	1,320,000	-	33,000	1,287,000	34,000
Total	16,818,355	-	1,648,875	15,169,480	1,680,342

The District was notified Kentucky School Board Insurance Trust (KSBIT) would be dissolving as the self-insurance provider for school districts in Kentucky. As a result, assessments were proposed to be passed to local participating Districts based on past premiums or past claims. The District is committed to remitting annual assessments of $59,987 through fiscal year ended June 30, 2025. The liability of $116,203 is reflected in the governmental financial statements. This option calls for financing interest at 3.25%. Management funds the liability through its general account or request funds from its SEEK Capital Outlay allotment. Following is a schedule of future payments:

Year	Principal	Interest
2023 - 24	57,175	2,812
2024 - 25	59,028	959
Totals	116,203	3,771

Lessee:

Commitments under operating lease agreements were considered by management below its financial statement threshold for recognition as an intangible asset under GASB 87 which became effective for the fiscal year ended June 30, 2022. No additional operating leases considered applicable under the standard were entered into during the current fiscal year.

NOTE D – LEASE/SUBSCRIPTION OBLIGATIONS AND BONDED DEBT (continued)

Lessee: (continued)

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes and considers material, individual qualifying lease liabilities having a value $100,000 or greater.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

The District recognizes and considers material, a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements for qualifying individual leases having a value $100,000 or greater. The District did not have any qualifying leases meeting this threshold.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE D – LEASE/SUBSCRIPTION OBLIGATIONS AND BONDED DEBT (continued)

Subscription Based Technology Arrangements
The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The District recognizes individual qualifying subscription liabilities which meet the criteria for recognition and is considered material, individual arrangements having an initial obligation of $100,000 or greater, to its financial statement presentation.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position. Based on management's assessment of materiality and criteria for recognition, the following subscription-based technology arrangement met the District's criteria and is recognized in the financial statements. The arrangement provides digital access with an initial price of $126,534 beginning August, 2021 over a six-year period. The District pre-paid the entire arrangement in order to receive a discounted price. The following is a schedule of future amortization costs:

2024	21,089
2025	21,089
2026	21,089
2027	21,089
2028	2,929
Total	87,285

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE E – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 follows:

Governmental Activities	Balance July 1, 2022 Org. Reported	Prior Year Adjustments	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	632,757	-	-	-	632,757
Construction work in progress	14,984,947	(11,551,000)	7,120,595	-	10,554,542
Total capital assets, not being depreicated	15,617,704	(11,551,000)	7,120,595	-	11,187,299
Land improvements	611,243	-	-	-	611,243
Buildings and improvements	32,953,601	10,742,430	15,438	249,566	43,461,903
Technology equipment	203,007	-	-	-	203,007
Vehicles	3,536,919	-	467,818	-	4,004,737
General equipment	163,599	-	-	-	163,599
Total capital assets, being depreciated	37,468,369	10,742,430	483,256	249,566	48,444,489
Totals at historical cost	53,086,073	(808,570)	7,603,851	249,566	59,631,788
Less: accumulated depreciation					
Land and improvements	263,301	-	19,335	-	282,636
Buildings and improvements	14,253,006	1,915,733	944,950	249,566	16,864,123
Technology equipment	194,768	-	4,120	-	198,888
Vehicles	2,518,864	-	217,965	-	2,736,829
General equipment	112,977	-	7,576	-	120,553
Total accumulated depreciation	17,342,916	1,915,733	1,193,946	249,566	20,203,029
Governmental Activities					
Capital Assets - Net	35,743,157	(2,724,303)	6,409,905	-	39,428,759

Depreciation expense for the year ended June 30, 2023 was $1,193,946.

Business-Type Activities	July 1, 2022 Org. Reported	Prior Year Adjustments	Additions	Deductions	Balance June 30, 2023
Buildings and improvements	1,824,693	576,006	-	-	2,400,699
Food service and equipment	583,611	232,564	-	-	816,175
Totals at historical cost	2,408,304	808,570	-	-	3,216,874
Less: accumulated depreciation					
Buildings and improvements	846,335	102,720	44,784	-	993,839
Food service and equipment	463,238	172,808	38,835	-	674,881
Total accumulated depreciation	1,309,573	275,528	83,619	-	1,668,720
Business-Type Activities					
Capital Assets - Net	1,098,731	533,042	(83,619)	-	1,548,154

Depreciation expense for the year ended June 30, 2023 was $83,619.

Subscription technology assets recognized in the government-wide financial statements are as follows:

	July 1, 2022 Org. Reported	Prior Year Adjustments	Additions	Deductions	Balance June 30, 2023
Subscription-based Information Arrangements	-	126,534	-	39,249	87,285

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE E – CAPITAL ASSETS (continued)

Depreciation expense was allocated to governmental and proprietary functions as follows:

Instructional	7,588
District administration	515
School administration support	14,235
Plant operations and maintenance	984,297
Student transportation	187,311
Total current year depreciation expense - Governmental functions	1,193,946
Proprietary functions:	
Food service operations	83,619

NOTE F – RETIREMENT PLANS

Kentucky Teachers Retirement System:

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

General Information about the Pension Plan
Plan Description – Teaching-certified employees of the Leslie County School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)-a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years.

NOTE F – RETIREMENT PLANS (continued)

In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date. And, effective January 1, 2022 the qualification structure was changed to either attain age 57 and complete 10 years of Kentucky service, or attain age 65 and complete five years of Kentucky service.

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

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

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2023, Leslie County School District did not report a net pension liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to KTRS on behalf of the District. The total portion of the net pension liability that was associated with the District was as follows:

Commonwealth's proportional share of the KTRS net pension liability associated with the District	$ 36,640,802

The net pension liabilities were measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportionate share was .2163%. The prior year proportion was .2076%.

Employer allocations for KTRS contributions were $3,343,148 at the June 30, 2022 measurement date. The District recognized no deferred outflows of resources, deferred inflows of resources or unfunded pension liability related to KTRS.

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE F – RETIREMENT PLANS (continued)

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

Valuation Date	June 30, 2021
Actuarial cost method	Entry age
Investment rate of return	7.1%, net of pension plan investment expense, including inflation
Projected salary increases	3.0% - 7.5%, including inflation
Inflation rate	2.50%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.37%
Single Equivalent Interest Rate	7.10%
Mortality Rates	Based on Pub2010 Mortality Table

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 allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KTRS' investment consultants are summarized in the following table:

Asset Class	KTRS Target Allocation	Long-term Expected Real Rate Percentage 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%
	100.0%	

Discount rate – The discount rate used to measure the total pension liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67 and assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2039 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 7.10% was calculated using the Municipal Bond Index Rate as of the Measurement Date. This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB 68.

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE F – RETIREMENT PLANS (continued)

The following table presents the net pension liability –proportionate share, calculated using the discount rate of 7.10%, as well as what the Commonwealth's net pension 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% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Commonwealth's proportionate share of District pension liability	$ 46,762,640	$ 36,640,802	$ 28,205,013

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

County Employees Retirement System

Plan Description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System (CERS). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members. CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling (800) 928-4646 or at https://kyret.ky.gov.

Benefits Provided **-** Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions **-** Funding for the plan is provided through payroll withholdings of 5.00% except for new hires on or after September 1, 2008 with payroll withholding of 6.00% and a district contribution of 26.79% of the employee's total compensation subject to contributions. At June 30, 2023, the District reported the following for its proportionate share of net pension liability. The net pension liability was measured based on an actuarial valuation as of June 30, 2022. At June 30, 2022 the District's proportion of the net pension liability based on contributions to CERS was .0967%. The prior year proportion was .0971%.

District's proportionate share of the net CERS pension liability	$ 6,993,492

The District's net proportionate share of CERS pension expense was $757,971 measured at June 30, 2022. For the year ended June 30, 2023, the District recognized deferred outflows of resources, $1,752,325, CERS, and deferred inflows of resources, CERS, $835,698. Contributions of $645,632 will be recognized as a reduction of the net pension liability in the subsequent year.

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE F – RETIREMENT PLANS (continued)

Actuarial Methods and Assumptions - The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2022. The most recent actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

CERS Pension Contributions

Valuation Date	June 30, 2020
Investment Rate of Return	6.25% for CERS Nonhazardous
Inflation	2.30%
Salary Increases	3.3% - to 10.3% ,varies by service for CERS Nonhazardous
Payroll Growth Rate	2.0% for CERS Nonhazardous
Mortality Rates	Mortality experience from 2013-2018, ultimate rates from MP-2014 scale

The target asset allocation and best estimates of arithmetic real rate of return for each major asset class, as provided by CERS's investment consultant, are summarized as follows:

Asset Class	CERS Target Allocation	Long-term Expected Nominal Return
Equity	**60.00%**	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	**20.00%**	
Core fixed Income	10.00%	0.28%
Specialty Credit	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	**20.00%**	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	7,477	62,280
Changes of assumptions	-	-
Investment experience	951,605	772,317
Changes in proportion and differences between District contributions and proportionate share of contributions	147,611	1,371
District contributions subsequent to the measurement date	645,632	-
Total	1,752,325	835,968

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE F – RETIREMENT PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Deferred inflows and outflows and pension expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability is based on the June 30, 2022 actuarial valuations. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a five-year period.

The following presents the District's proportionate share of net pension liability calculated using the discount rate of 6.25% as well as the District's share if calculated using a rate 1% higher and 1% lower:

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
District's proportionate share of net pension liability	$ 8,740,998	$ 6,993,492	$ 5,548,160

The District previously reported deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments. This will be recognized as pension expense as follows:

CERS Year	Total
2023	123,739
2024	7,085
2025	(58,769)
2026	198,670
Thereafter	-
	270,725

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report located at https://kyret.ky.gov.

There were no payables to the pension plan at June 30, 2023.

Note G – OPEB PLANS

KENTUCKY TEACHER'S RETIREMENT SYSTEM
Summary of Significant Accounting Policies

Postemployment Benefits Other Than OPEBs (OPEB) - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

General Information about the OPEB Plan

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

The State reports a liability, deferred outflows of resources 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 Statute 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 the General Assembly.

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

Note G – OPEB PLANS (Continued)

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

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

At June 30, 2023, the Leslie County School District reported a liability of $3,892,000 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, 2022, and 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, 2022, the District's proportion was .1568 percent and the State portion associated with the District was .0515. The prior year proportion was .1113 and .0903 for the District and State, respectively.

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:

KTRS Medical	
District's proportionate share of the net OPEB liability	3,892,000
State's proportionate share of the net OPEB liability associated with the District	1,279,000
Total	5,171,000

The District's proportionate OPEB contributions as stated in its actuary report was $208,019 for the District and $68,337 for support provided by the State, measured at June 30, 2022. At June 30, 2023, 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	-	1,636,000
Changes of assumptions	790,000	-
Net difference between projected and actual earnings on OPEB plan investments	207,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,203,000	169,000
District contributions subsequent to the measurement date	186,702	-
Total	2,386,702	1,805,000

Note G – OPEB PLANS (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, 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:

Year	Total
2023	(93,000)
2024	(50,000)
2025	(10,000)
2026	243,000
2027	209,000
Thereafter	96,000
	395,000

Actuarial assumptions – Contribution rates in the June 30, 2021 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Health and Life Insurance Trust	
Valuation Date	June 30, 2021
Actuarial Assumptions:	
Investment Rate of Return	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0% - 7.5%, including wage inflation
Inflation rate	2.5%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	3.37%
Discount rate	7.10%
Single equivalent interest rate	7.1%, net of OPEB plan investment expense, including price inflation
Health Care Cost Trends:	
KEHP group	7% for fiscal year 2022 decreasing to an ultimate rate of 4.5% by fiscal year 2032
MEHP group	5.125% for fiscal year 2022 decreasing to an ultimate rate of 4.5% by fiscal year 2025
Medicare Part B premiums	6.97% for fiscal year 2022 with an ultimate rate of 4.5% by 2034
Mortality rates	Based on the Pub2010 Mortality Table

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

Note G – OPEB PLANS (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate Percentage of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional Categories: High Yield	8.0%	1.7%
Additional Categories	9.0%	2.2%
Cash	1.0%	-0.3%
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 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 and State'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 and State'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% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's share of net OPEB liability	$ 4,883,000	$ 3,892,000	$ 3,071,000

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% Decrease	Current Trend Rate	1% Increase
District's share of net OPEB liability	$ 2,918,000	$ 3,892,000	$ 5,104,000

Note G – OPEB PLANS (Continued)

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

The District proportionate contribution percentage to the plan is 0%. The State of Kentucky provides 100% of contributions on behalf of the District.

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 are contributed by the state.

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

At June 30, 2023, the Leslie School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The 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	-
State's proportionate share of the net OPEB liability associated with the District	64,000
Total	64,000

The District reported contributions in its schedule of employer allocations measured at June 30, 2021 was $-0- and the State contributions were $4,854. At June 30, 2023, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEBs from life insurance plans.

Any amount reported as deferred outflows of resources related to OPEB 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. No 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.

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

Note G – OPEB PLANS (Continued)

Actuarial assumptions – Contribution rates in the actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Life Insurance Trust	
Valuation Date	June 30, 2021
Actuarial Assumptions:	
Investment Rate of Return	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases	3% - 7.5%, including wage inflation
Inflation rate	2.5%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	2.13%
Discount rate	7.10%
Single equivalent interest rate	7.1%, net of OPEB plan investment expense, including price inflation
Mortality rates	Based on the Pub2010 Mortality Table

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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

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

Asset Class	**Target Allocation**	**Expected Geometric Real Rate of Return**
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Additional Categories	6.0%	2.1%
Cash	2.0%	-0.3%
Total	100.0%	

Note G– OPEB PLANS (Continued)

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

The following table presents the State's proportionate share of the collective net OPEB liability associated with the District, calculated using the discount rate of 7.10%, as well as what the State's proportionate share of the collective net OPEB liability of the System 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% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Commonwealth's proportionate share of net District OPEB liability	$ 98,890	$ 64,000	$ 35,783

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

COUNTY EMPLOYEE RETIREMENT SYSTEM

General Information about the OPEB Plan

Plan description – Substantially all full-time employees of the District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple- employer defined benefit OPEB plan. CERS was created by the Kentucky General Assembly pursuant to the provisions of Kentucky Revised Statute 78.520.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling (800)928-4646 or at https://kyret.ky.gov.

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 KRS Insurance Fund. The following information is about the KRS plans:

Note G – OPEB PLANS (Continued)

Medical Insurance Plan

Plan description – In addition to the OPEB benefits described above, KRS provides post-employment healthcare benefits to eligible members and dependents. The KRS Insurance benefit is a cost-sharing multiple employer defined benefit plan.

Benefits provided – Benefits under the plan will vary based on years of service and other factors as fully described in the plan documents.

Contributions – In order to fund the post-retirement healthcare benefit, participants hired on or after September 1, 2008 contribute 1% of total compensation subject to contribution for non-hazardous and hazardous duty positions. Also, the premiums collected from retirees as described in the plan documents and investment interest help meet the medical expenses of the plan.

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

At June 30, 2023, the District reported a liability of $1,908,881 for its proportionate share of the collective net CERS non-hazardous OPEB liability. The collective net OPEB liability was measured as of June 30, 2022, and 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. The District’s most recent reported proportion was .0967% for the current reporting period and .0971% for the previous reporting period regarding its non-hazardous employees.

The amount recognized by the District as its proportionate share of the OPEB liability was as follows:

CERS Medical	
District's proportionate share of the net OPEB liability	1,908,881

The District’s net proportionate share of OPEB expense reported in its most recent report measure at June 30, 2022 was $302,913. At June 30, 2023, 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
Liability experience	192,145	437,751
Changes of assumptions	301,903	248,766
Investment experience	355,453	277,977
Changes in proportion and differences between District contributions and proportionate share of contributions	82,756	44,638
District contributions subsequent to the measurement date	93,534	-
Total	1,025,791	1,009,132

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

Note G – OPEB PLANS (Continued)

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:

Year	Total
2023	9,828
2024	8,946
2025	(102,331)
2026	6,682
Thereafter	-
Total	(76,875)

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.3% - to 10.3% ,varies by service for CERS Nonhazardous
Payroll Growth Rate	2.0% for CERS Nonhazardous
Mortality	Mortality experience from 2013-2018, ultimate rates from MP-2014 scale
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.4% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-65	Initial trend starting at 6.3% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

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

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

Asset Class	CERS Target Allocation	Long-term Expected Nominal Return
Equity	**60.00%**	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	**20.00%**	
Core fixed Income	10.00%	0.28%
Specialty Credit	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	**20.00%**	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

Note G – OPEB PLANS (Continued)

Discount rate - The discount rate used to measure the total OPEB liability was 5.70% for non-hazardous personnel. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70% for non-hazardous employees 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 (4.70% for non-hazardous) or 1-percentage-point higher (6.70% for non-hazardous) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Sensitivity Rate	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	$ 2,551,870	$ 1,908,881	$ 1,377,344

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:

Health Care Trend Rate	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 1,419,211	$ 1,908,881	$ 2,496,883

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

NOTE H – CONTINGENCIES AND COMMITMENTS

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 the grantor's review indicates that the funds have not 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.

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE I– LITIGATION

The District is subject to 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 a material effect on the combined financial statements as a result of threatened, pending or ongoing litigation.

NOTE J – RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Insurance for worker's compensation, errors and omissions, educator's legal liability, property (including vehicles) and general liability is carried through various agencies. Contributions to Workers' Compensation Insurance are based on premium rates established with the excess insurance carrier, subject to claims, experience modifications and a group discount amount. 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 K – DEFICIT OPERATING/FUND BALANCES

The following individual funds had deficit balances at June 30, 2023:

NONE

The following individual funds had operating expenditures in excess of revenues at June 30, 2023:

District Activity Fund 21	2,784
Food Service Fund	56,009

NOTE L – 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 M – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
Capital Outlay Fund	General Fund	Operating expenditures	153,401
General Fund	Special Revenue Fund	Operating expenditures	36,274
FSPK Building Fund	General Fund	Debt service	434,272
Special Revenue Fund	General Fund	Indirect Cost Transfer	5,000
General Fund	Debt Service Fund	Debt service	71,633
FSPK Fund	Debt Service Fund	Debt service	1,124,282
General Fund	Construction Fund	Construction expenditures	411,331
Special Revenue Fund	Construction Fund	Construction expenditures	5,442,162
			7,678,355

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE N – INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at June 30, 2023 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	1,105,600	
Special Revenue Fund		1,105,600

NOTE O– ON-BEHALF PAYMENTS

Teacher's Retirement GASB 68	3,343,148
Teacher's Retirement GASB 75 Medical	68,337
Teacher's Retirement GASB 75 Life	4,854
Health Insurance	1,950,631
Life Insurance	3,295
Administrative Fees	26,460
HRA/Dental/Vision	155,925
Less: Federal Reimbursement	(282,555)
Technology	90,950
Debt Service	718,685
Sub-Total	6,079,730
Allocated to Debt Service Fund	(718,685)
Allocated to Food Service Fund	(292,443)
Allocated to General Fund	5,068,602

NOTE P – ANNUAL FINANCIAL REPORT DIFFERENCES

The following reconciles June 30, 2023 fund balances as originally reported to the accompanying financial statements:

	General Fund	Special Revenue Fund	District Activity Fund 21	District Activity Fund 25	Building Fund	Construction Fund	Food Service Fund
Fund Balance/Net Position as originally reported to the Department of Education	3,980,694	155,790	9,716	183,882	1,176	418,322	(517,847)
Adjustments to Fund Balance/Retained Earnings:							
(1) To record adjustments to cash	(100,903)	131,879	-	1,678	-	(30,722)	-
(2) To record interfund receivable	131,879	(131,879)	-	-	-	-	-
(3) To reclassify accounts receivable	257,601	2,071,715	-	-	-	-	-
(4) To adjust accounts payable	(54,073)	-	-	-	-	-	-
(5) To recognize advances from grantors	-	(2,227,505)	-	-	-	-	-
(6) To recognize changes in deferred inflows	-	-	-	-	-	-	30,232
(7) To recognize changes in deferred outflows	-	-	-	-	-	-	51,032
(8) To recognize changes in net pension/OPEB liability	-	-	-	-	-	-	(154,809)
(9) To recognize net fixed assets	-	-	-	-	-	-	1,548,154
Fund Balance/Net Position at June 30, 2023	4,215,198	-	9,716	185,560	1,176	387,600	956,762

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE Q – FUND BALANCE CLASSIFICATIONS

The following schedule reflects governmental fund balances at June 30, 2023:

Fund Balances	General Fund	Special Revenue Funds	Construction Fund	Non-Major Funds	Total
Restricted - other	-	-	387,600	1,176	388,776
Assigned fund balance	227,884	-	-	2,992	230,876
Unassigned fund balance	3,987,314	-	-	192,284	4,179,598
Total fund balances	4,215,198	-	387,600	196,452	4,799,250

The District's budget by State law must have a minimum 2% contingency. However, a separate contingency reserve fund has not been established. The Statement of Net Position reflects reserves for fixed assets.

NOTE R – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS AND GUIDANCE

The District adopted the following new accounting pronouncements in the current year:

- GASB Statement No. 96—Subscription-Based Information Technology Arrangements, effective for the District's fiscal year ending June 30, 2023.

The impact of this pronouncement is reflected in the current financial statements and notes, where applicable and management is assessing the impact of future pronouncements on the District's financial statements.

The District is evaluating the financial statement effects of the following:

- Implementation Guide No. 2021-1—Amendments to Previously Issued Guidance, Question 7.9.8, regarding capitalization policies for a group of assets which exceeds the District established threshold, for example computers, classroom furniture and library books, effective for reporting periods beginning after June 15, 2023.
- GASB Statement No. 100—*Accounting Changes and Error Corrections*, effective for reporting periods beginning after June 15, 2023.
- GASB Statement No. 101—*Compensated Absences*, effective for fiscal years beginning after December 15, 2023.

NOTE S – SUBSEQUENT EVENTS

The District continues to monitor the direct and indirect effects of COVID-19, which has led to closings of non-essential services and limitations for public assemblies. While the immediate and long-term financial impact cannot be reasonably estimated, management anticipates preparing amendments to future budget projections reflecting any significant changes in revenues, instructional and other student body activities affecting the District as a result of the coronavirus. During the fiscal year ended, the District expended funding awarded totaling $5,958,654 via U.S. Department of Education Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act.

On July 28, 2023 historical flooding occurred causing loss of life and extensive damages to residences, businesses and infrastructure in Eastern Kentucky. The District continues to assess the financial impact of significant changes in revenue sources, operational expenses and other student body activities as a result of the flooding.

LESLIE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE T – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF BEGINNING FUND BALANCE

During the year ended June 30, 2023, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* which establishes criteria for identifying and reporting operating subscription activities as subscriber or vendor for which transfer of ownership is not established. The implementation of this statement results in assets recognized meeting materiality thresholds of the District. Subscriptions meeting the threshold for its current reporting period are described more fully at Note D.

Beginning net position for governmental and proprietary fund activities was adjusted to account for previous years' accumulated depreciation for an elementary school renovation and addition project whose final completion report was not submitted until after the fiscal year ended June 30, 2023. Previous years accumulated depreciation recognized in its governmental financial statements was $1,915,733 and $275,529 in its proprietary fund financial statements. In addition, the District moved $808,570 from the project's governmental activities construction in progress account related to the elementary school renovation and addition project to its proprietary funds to recognize direct equipment and its proportionate share of the renovation in the amounts of $232,564 and $576,006, respectively.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance
Revenues:	Original	Final	Actual	Favorable (Unfavorable)
From local sources:				
Taxes	2,551,070	2,641,397	2,893,402	252,005
Earnings on investments	20,000	20,000	25,433	5,433
Other local revenue	21,200	21,200	86,777	65,577
Intergovernmental - state	13,740,614	13,697,882	14,466,048	768,166
Intergovernmental - indirect federal	60,000	60,000	138,388	78,388
Total revenues	16,392,884	16,440,479	17,610,048	1,169,569
Expenditures:				
Instructional	7,997,266	8,025,597	8,629,973	(604,376)
Student support services	992,894	993,350	1,211,147	(217,797)
Staff support services	595,563	594,832	783,551	(188,719)
District administration	599,645	600,703	660,484	(59,781)
School administration	1,158,268	1,164,063	1,275,024	(110,961)
Business support	321,029	323,417	406,372	(82,955)
Plant operations and maintenance	2,334,282	2,700,805	2,292,394	408,411
Student transportation	1,706,699	1,893,193	1,607,008	286,185
Community service activities	18,339	18,339	675	17,664
Employee benefits	150,000	150,000	53,581	96,419
Debt service	282,888	282,888	211,256	71,632
Contingency	3,163,971	3,100,413	-	3,100,413
Total expenditures	19,320,844	19,847,600	17,131,465	2,716,135
Excess (deficit) of revenues over expenditures	(2,927,960)	(3,407,121)	478,583	3,885,704
Other financing sources (uses):				
Other items	(56,500)	(56,500)	(59,987)	3,487
Operating transfers in	-	-	592,673	592,673
Operating transfers out	(103,632)	(103,632)	(519,238)	(415,606)
Total other financing sources (uses)	(160,132)	(160,132)	13,448	180,554
Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	(3,088,092)	(3,567,253)	492,031	4,059,284
Fund balance - July 1, 2022	3,088,092	3,575,928	3,723,167	147,239
Fund balance - June 30, 2023	-	8,675	4,215,198	4,206,523

See notes to financial statements and Independent Auditor's Report.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenues from local sources	23,568	23,568	76,667	53,099
Intergovernmental - state	1,327,547	1,327,547	1,230,585	(96,962)
Intergovernmental - indirect federal	3,317,944	3,317,944	9,627,513	6,309,569
Total revenues	4,669,059	4,669,059	10,934,765	6,265,706
Expenditures:				
Instructional	3,364,697	3,364,697	4,203,939	(839,242)
Student support services	148,649	148,649	190,558	(41,909)
Staff support services	191,781	191,781	127,375	64,406
Business support services	50,180	50,180	46,547	3,633
Plant operations and maintenance	565,074	565,074	563,606	1,468
Student transportation	93,264	93,264	90,411	2,853
Community service activities	275,382	275,382	296,852	(21,470)
Educational specific	15,045	15,045	4,589	10,456
Total expenditures	4,704,072	4,704,072	5,523,877	(819,805)
Excess (deficit) of revenues over expenditures	(35,013)	(35,013)	5,410,888	5,445,901
Other financing sources (uses):				
Operating transfers in	35,013	35,013	36,274	1,261
Operating transfers out	-	-	(5,447,162)	(5,447,162)
Total other financing sources (uses)	35,013	35,013	(5,410,888)	(5,445,901)
Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	-	-	-	-
Fund balance - July 1, 2022	-	-	-	-
Fund balance - June 30, 2023	-	-	-	-

See notes to financial statements and Independent Auditor’s Report.

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULES OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONS

Last Ten Years Ending June 30th

Employer's Proportionate Share of Net Pension Liability

	2023		2022		2021		2020		2019	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
State/district proportion of the net pension liability	0.2163%	0.0967%	0.2076%	0.0971%	0.2136%	0.0919%	0.2153%	0.0875%	0.2193%	0.0909%
Employer's proportionate share of the net pension liability	-	6,993,492	-	6,189,930	-	7,044,819	-	6,150,397	-	5,533,346
State's proportionate share of the net pension liability	36,640,802	-	27,010,217	-	30,276,772	-	29,378,285	-	28,720,049	-
Employer's covered employee payroll	8,429,569	2,880,396	8,918,618	2,800,668	8,550,968	2,558,488	8,294,566	2,414,444	8,167,193	2,092,597
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	435%	243%	303%	221%	354%	275%	354%	255%	352%	264%
Plan fiduciary net position as a percentage of the total pension liability	56.4%	52.4%	65.6%	52.3%	58.4%	47.8%	58.8%	50.5%	59.3%	53.5%

Employer's Contributions

	2023		2022		2021		2020		2019	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
Contractually required contribution	1,600,841	645,632	1,505,573	577,689	1,301,404	484,405	1,263,130	457,699	1,250,645	326,066
Contributions in relation to the contractually required contribution	1,600,841	645,632	1,505,573	577,689	1,301,404	484,405	1,263,130	457,699	1,250,645	326,066
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	8,429,569	2,880,396	8,918,618	2,800,668	8,550,968	2,558,488	8,294,566	2,414,444	8,167,193	2,092,597
Contributions as a percentage of covered employee payroll	18.99%	22.41%	16.88%	20.63%	15.22%	18.93%	15.23%	18.96%	15.31%	15.58%

Change of benefit terms - None.
Changes of assumptions - KTRS discount rate decreased from 7.5% to 7.1% FY 22.
Until a full 10-year trend is compiled, the District will present information for years available. Utlimately, ten years of data will be presented.
See notes to financial statements and indpendent auditor's report.

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULES OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONS (Continued)

Last Ten Years Ending June 30th

Employer's Proportionate Share of Net Pension Liability

	2018		2017		2016		2015	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
State/district proportion of the net pension liability	0.2318%	0.0930%	0.2346%	0.0936%	0.2274%	0.0971%	0.2768%	0.0943%
Employer's proportionate share of the net pension liability	-	5,444,805	-	4,609,016	-	4,175,700	-	3,061,000
State's proportionate share of the net pension liability	62,546,811	-	69,197,223	-	52,910,151	-	56,888,839	-
Employer's covered employee payroll	8,035,497	2,354,673	8,519,109	2,284,631	8,589,419	2,801,591	8,330,224	2,204,566
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	778%	231%	812%	202%	616%	149%	683%	139%
Plan fiduciary net position as a percentage of the total pension liability	39.8%	53.3%	35.2%	55.5%	42.5%	60.0%	45.6%	66.8%

Employer's Contributions

	2018		2017		2016		2015	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
Contractually required contribution	1,237,711	315,944	1,138,580	265,952	1,094,254	289,967	1,738,553	408,862
Contributions in relation to the contractually required contribution	1,237,711	315,944	1,138,580	273,726	1,094,254	288,908	1,738,553	408,862
Contribution deficiency (excess)	-	-	-	(7,774)	-	1,059	-	-
District's covered employee payroll	8,035,497	2,354,673	8,519,109	2,284,631	8,589,419	2,801,591	8,330,224	2,204,566
Contributions as a percentage of covered employee payroll	15.40%	13.42%	13.37%	11.98%	12.74%	10.31%	20.87%	18.55%

Change of benefit terms - None.
Changes of assumptions - KTRS discount rate decreased from 7.5% to 7.1% FY22.
Until a full 10-year trend is compiled, the District will present information for years available. Utlimately, ten years of data will be presented.
See notes to financial statements and indpendent auditor's report.

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY

For the Year Ended June 30, 2023

Employer's Proportionate Share of Net OPEB Liability

Medical Ins Fund

	2023		2022		2021		2020		2019		2018	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
State/district proportion of the net OPEB liability	0.1568%	0.0967%	0.1113%	0.0971%	0.1150%	0.0918%	0.1153%	0.0874%	0.1141%	0.0909%	0.1234%	0.0930%
Employer's proportionate share of the net OPEB liability	3,892,000	1,908,881	2,387,000	1,858,203	2,901,000	2,217,246	3,375,000	1,470,483	3,959,000	1,613,059	4,400,000	1,870,040
State's proportionate share of the net OPEB liability	1,279,000	-	1,939,000	-	2,324,000	-	2,726,000	-	3,412,000	-	3,594,000	-
Employer's covered employee payroll	8,429,569	2,880,386	8,918,618	2,800,668	8,550,968	2,558,488	8,294,566	2,414,444	8,167,193	2,092,597	8,035,497	2,354,673
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	46%	66%	27%	66%	34%	87%	41%	61%	48%	77%	55%	79%
Plan fiduciary net position as a percentage of the total OPEB liability	47.8%	61.0%	51.7%	58.4%	39.1%	51.7%	32.6%	60.4%	25.5%	57.6%	21.2%	52.4%

Employer's Contributions

	2023		2022		2021		2020		2019		2018	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
Contractually required contribution	186,702	93,534	151,186	157,725	311,605	119,470	236,466	112,883	245,035	125,087	203,858	118,060
Contributions in relation to the contractually required contribution	186,702	93,534	151,186	157,725	311,605	119,470	236,466	112,883	245,035	125,087	203,858	118,060
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	8,429,569	2,880,386	8,918,618	2,800,668	8,550,968	2,558,488	8,294,566	2,414,444	8,167,193	2,092,597	8,035,497	2,354,673
Contributions as a percentage of covered employee payroll	2.21%	3.25%	1.70%	5.63%	3.64%	4.67%	2.85%	4.68%	3.00%	5.98%	2.54%	5.01%

Change of benefit terms - None.
Changes of assumptions - KTRS discount rate decreased from 8.0% to 7.1% FY22. CERS discount rate increased from 5.2% to 5.7% FY23.
Until a full 10-year trend is compiled, the District will present information for years available.
Utlimately, ten years of data will be presented.
See notes to financial statements and indpendent auditor's report.

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (Continued)

For the Year Ended June 30, 2023

	Life Ins Fund					
	2023 KTRS	2022 KTRS	2021 KTRS	2020 KTRS	2019 KTRS	2018 KTRS
State/district proportion of the net OPEB liability	0.2045%	0.1971%	0.2025%	0.2038%	0.2075%	0.2191%
Employer's proportionate share of the net OPEB liability	-	-	-	-	-	-
State's proportionate share of the net OPEB liability	64,000	26,000	70,000	63,000	59,000	48,000
Employer's covered employee payroll	8,429,569	8,918,618	8,550,968	8,294,566	8,167,193	8,035,497
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB liability	74.0%	89.2%	71.6%	73.4%	75.0%	80.0%

Employer's Contributions

	2023 KTRS	2022 KTRS	2021 KTRS	2020 KTRS	2019 KTRS	2018 KTRS
Contractually required contribution	4,854	3,949	3,384	2,678	2,032	2114
Contributions in relation to the contractually required contribution	4,854	3,949	3,384	2,678	2,032	2114
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered employee payroll	8,429,569	8,918,618	8,550,968	8,294,566	8,167,193	8,035,497
Contributions as a percentage of covered employee payroll	0.06%	0.04%	0.04%	0.03%	0.02%	0.03%

Change of benefit terms - None.

Changes of assumptions - KTRS discount rate
decreased from 8.0% to 7.1%. FY22.
Until a full 10-year trend is compiled, the District will present information for years available.
Utlimately, ten years of data will be presented.
See notes to financial statements and indpendent auditor's report.

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (Continued)

For the Year Ended June 30, 2023

Notes to Required Supplementary Information

Changes of benefit terms – 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.

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 actuarial methods and assumptions used to determine contribution rates reported in the schedule are reflected in the notes to the financial statements.

LESLIE COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET –NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	District Activity Fund 21	District Activity Fund 25	SEEK Capital Outlay Fund	Building Fund	Debt Service Fund	Total
Asset and resources:						
Cash and cash equivalents	9,716	185,560	-	1,176	-	196,452
Accounts receivable	-	-	-	-	-	-
Total assets and resources	9,716	185,560	-	1,176	-	196,452
Liabilities and fund balances:						
Accounts payable	-	-	-	-	-	-
- Fund balances -						
Restricted for SFCC	-	-	-	1,176	-	1,176
Assigned - Other	-	2,992	-	-	-	2,992
Unassigned Fund Balance (Deficit)	9,716	182,568	-	-	-	192,284
	9,716	185,560	-	1,176	-	196,452
Total liabilities and fund balances	9,716	185,560	-	1,176	-	196,452

See Independent Auditor’s Report.

LESLIE COUNTY SCHOOL DISTRICT

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

For the Year Ended June 30, 2023

	District Activity Fund 21	District Activity Fund 25	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	Total
Revenues:						
From local sources:						
General real property tax	-	-	-	386,418	-	386,418
Student activities	-	388,108	-	-	-	388,108
Other revenues from local sources	9,438	147,861	-	-	-	157,299
Intergovernmental - State	-	-	153,401	1,172,136	718,685	2,044,222
Total revenues	9,438	535,969	153,401	1,558,554	718,685	2,976,047
Expenditures:						
Instructional	12,222	534,778	-	-	-	547,000
Bond principal	-	-	-	-	1,598,079	1,598,079
Bond interest	-	-	-	-	316,521	316,521
Total expenditures	12,222	534,778	-	-	1,914,600	1,914,600
Excess (deficit) of revenues over expenditures	(2,784)	1,191	153,401	1,558,554	(1,195,915)	516,040
Other financing sources (uses):						
Interest revenue	-	487	-	-	-	487
Operating transfers in	-	-	-	-	1,195,915	1,195,915
Operating transfers out	-	-	(153,401)	(1,558,554)	-	(1,711,955)
Total other financing sources (uses)	-	487	(153,401)	(1,558,554)	1,195,915	(516,040)
Changes in fund balance	(2,784)	1,678	-	-	-	(1,106)
Fund balance, July 1, 2022	12,500	183,882	-	1,176	-	197,558
Fund balance, June 30, 2023	9,716	185,560	-	1,176	-	196,452

See Independent Auditor's Report.

LESLIE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

LESLIE COUNTY HIGH SCHOOL ACTIVITY FUND

For the Year Ended June 30, 2023

Fund Accounts	Revenues	Expenditures	Interfund Transfers	Excess (Deficit) of Revenues over Expenditures	Fund Balance July 1, 2022	Fund Balance June 30, 2023
General Fund	4,171	6,342	-	(2,171)	3,626	1,455
Parking	-	500	-	(500)	570	70
Teacher Vending	1,393	3,098	-	(1,705)	1,786	81
National Honor Society	2,478	3,051	-	(573)	1,657	1,084
Art	-	-	-	-	646	646
Drama Club	500	204	-	296	1,123	1,419
Archery	-	-	-	-	896	896
Student Council	-	-	-	-	186	186
GI/G&T	-	-	-	-	417	417
Create	-	37	-	(37)	400	363
FMD	963	828	-	135	133	268
Choir	-	-	-	-	500	500
Extracurricular	47,358	34,752	(11,607)	999	8,225	9,224
Emergency Extracur	-	-	-	-	5,500	5,500
14th Regional Tournament	21,334	11,942	(958)	8,434	-	8,434
Academics	550	490	-	60	71	131
Band	8,332	8,090	412	654	1,211	1,865
Baseball	29,203	27,969	736	1,970	7,039	9,009
Boys Basketball	11,588	16,160	308	(4,264)	4,313	49
HCB Classic	4,400	3,784	(616)	-	-	-
Football	15,347	22,377	7,788	758	149	907
Cheerleaders	29,821	31,473	1,149	(503)	4,535	4,032
Girls Basketball	18,153	18,318	32	(133)	424	291
Softball	14,834	10,236	736	5,334	6,600	11,934
Track	6,301	7,084	1,473	690	8,230	8,920
Volleyball	25,238	25,922	(600)	(1,284)	16,179	14,895
Cross Country	4,744	5,721	412	(565)	2,931	2,366
E-Sports	-	896	736	(160)	978	818
Middle School Baseball	4,256	1,220	(100)	2,936	127	3,063
Middle School Softball	2,758	990	-	1,768	20	1,788
Veterans Night	500	434	-	66	261	327
Boys MS Basketball	1,945	430	-	1,515	-	1,515
Class of 2026	697	-	(697)	-	-	-
Class of 2023	50,561	55,690	3,138	(1,991)	1,991	-
Class of 2024	2,100	1,730	-	370	710	1,080
Class of 2025	-	-	-	-	710	710
Journalism	6,632	7,623	(2,442)	(3,433)	10,937	7,504
Project Sober	500	1,635	-	(1,135)	2,143	1,008
Children Inc	3,838	5,051	-	(1,213)	4,346	3,133
Start-up	3,200	3,200	100	100	(100)	-
Total	323,695	317,277	-	6,418	99,470	105,888

LESLIE COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

OTHER SCHOOL ACTIVITY FUNDS

For the Year Ended June 30, 2023

	Hayes Lewis Elementary	Mountain View Elementary	Stinnett Elementary	W.B. Muncy Elementary	Total (Memorandum Only)
REVENUES:					
Activity funds	30,527	71,540	49,786	60,908	212,761
EXPENDITURES:					
Activity funds	40,430	63,894	55,428	57,749	217,501
Excess or (deficiency) of revenues over expenditures	(9,903)	7,646	(5,642)	3,159	(4,740)
Fund Balance July 1, 2022	24,424	23,477	18,500	18,011	84,412
Fund Balance, June 30, 2023	14,521	31,123	12,858	21,170	79,672

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Passthrough to Subrecipients	Program Expenditures
U. S. Department of Agriculture				
Passed through State Department of Education:				
Scholl Breakfast Program (SBP)	10.553	7760005-22	N/A	32,408
	10.553	7760005-23	N/A	233,377
Total School Breakfast Program (SBP)				**265,785**
National School Lunch Program	10.555	9980000-22	N/A	39,783
	10.555	7750002-23	N/A	682,498
	10.555	7750002-22	N/A	102,629
	10.555	9980000-23	N/A	20,135
				845,045
Passed through State Department of Agriculture:				
School Lunch Program Commodities (non-cash assistance)	10.555	066-0100	N/A	**82,078**
Total National School Lunch Program				**1,192,908**
Passed through State Department of Education:				
Summer Food Service Program for Children	10.559	7740023-22	N/A	2,737
	10.559	7690024-22	N/A	281
	10.559	7740023-22	N/A	8,729
	10.559	7690024-23	N/A	900
Total Summer Food Service Program for Children				**12,647**
Total Child Nutrition Cluster				**1,205,555**
Passed through State Department of Education:				
State Adminstrative Expenses for Child Nutrition	10.560	7700001-22	N/A	**1,935**
Administrative Cost Grants	10.649	9990000-22	N/A	**3,135**
Total U.S. Department of Agriculture				**1,210,625**
U. S. Department of Education				
Passed through State Department of Education:				
Title I Grants to Local Educational Agencies				
	84.010	3100002-21 310J	N/A	878,787
	84.010	3100002-21 3101I	N/A	184,389
	84.010	3100002-22 3201E	N/A	248,981
	84.010	3100002-22 310JM	N/A	3,958
	84.010	3100002-22 310JN	N/A	35,579
	84.010	3100002-22 310JP	N/A	135
Total Title I				**1,351,829**

See Independent Auditor’s Report.

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Passthrough to Subrecipients	Program Expenditures
-Special Education Cluster -				
Special Education Grants to States	84.027	3810002-22 337J	N/A	353,311
	84.027	4910002-21 478I	N/A	89,896
				443,207
Special Education Preschool Grants	84.173	3800002-22 343J	N/A	121
	84.173	3800002-21 343I	N/A	3,315
				3,436
Total - Special Education Cluster				**446,643**
Rural Education	84.358	3140002-21 350I	N/A	**30,445**
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425	4300002-21 473GD	N/A	4,026
	84.425	4300002-21 473G	N/A	3,509,968
	84.425	4000003-20 564GF	N/A	36,688
	84.425	4980002-21 476IC	N/A	23,295
	84.425	4300002-21 473GL	N/A	558,468
	84.425	4200002-21 554G	N/A	1,814,138
	84.425	4300005-21 563J	N/A	12,071
				5,958,654
Student Support and Academic Enrichment Program	84.424	3420002-22 552JW	N/A	**10,228**
21rst Century Community Learning Centers	84.287	3400002-21 550IW	N/A	94,944
	84.287	3400002-20 550GC	N/A	94,165
	84.287	3400002-21 550IC	N/A	70,662
	84.287	3400002-21 550IM	N/A	84,800
	84.287	3400002-20 550GM	N/A	22,394
	84.287	3400002-19 550FX	N/A	5,011
	84.287	3400002-20 550GW	N/A	845
-				**372,821**
Passed through Berea College:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3691G	N/A	231,040
	84.334	3791G	N/A	301,873
				532,913
Total U.S. Department of Education				**8,703,533**
U.S. Department of Health and Human Services				
Passed through State Department of Education:				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001-22 493I	N/A	300
	93.079	2100001-20 493F	N/A	150
Total U.S. Department of Health and Human Services				**450**
U.S. Department of Justice				
Passed through Leslie County Fiscal Court:				
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-21-GG-03672	N/A	498,670
Total U.S. Department of Health and Human Services				**498,670**
Total Federal Awards Expended				**10,413,278**

See Independent Auditor's Report.

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2023

Note 1—Basis of Presentation
The accompanying schedule of expenditures of federal awards includes the federal award activity of Leslie County School District, under programs of the federal government for the year ended June 30, 2023 in accordance with the requirements of Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Leslie County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Leslie County School District.

Note 2—Summary of Significant Accounting Policies
Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Leslie County School District has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3 – Non-Monetary Assistance
Non-monetary assistance CFDA #10.555, $82,078, is reported in the schedule at the fair value of the food donations disbursed.

Chris Gooch
Certified Public Accountant
P.O. Box 1536
Hazard, Kentucky 41702
(606) 436-5700 FAX : (606) 436-5701
chrisgooch@chrisgoochcpa.com

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*

State Committee for School District Audits
Members of Leslie County Board of Education
Hyden, Kentucky

We have audited, in accordance with the 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 prescribed by the State Committee for School District Audits in the Kentucky Public School Districts Audit Contract Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Leslie County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Leslie County School District's basic financial statements, and have issued our report thereon dated November 15, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Leslie 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Leslie County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Leslie 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 may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Leslie County School District, in a separate letter dated November 15, 2023. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in Kentucky Public School District's Audit Contract and Requirements – State Compliance Requirements.

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.

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 15, 2023

Chris Gooch
Certified Public Accountant
P.O. Box 1536
Hazard, Kentucky 41702
(606) 436-5700 FAX:(606) 436-5701
chrisgooch@chrisgoochcpa.com

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

To Board Members
Leslie County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Leslie County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Leslie County School District's major federal programs for the year ended June 30, 2023. Leslie 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, Leslie 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, 2023.

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 Leslie 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 Leslie 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 Leslie 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 Leslie 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 Leslie 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 Leslie 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 Leslie 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 Leslie 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.

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 15, 2023

LESLIE COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

- FINDINGS RELATED TO THE FINANCIAL STATEMENTS -

  None

- FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS -

  None

LESLIE COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

\- SUMMARY OF AUDIT RESULTS -

1. We have issued an unmodified opinion on the financial statements.

2. No material weakness or significant deficiency not identified as a material weakness was disclosed by the audit of the financial statements.

3. No material noncompliance was disclosed in our audit of the financial statements.

4. No material weakness or significant deficiency not identified as a material weakness was disclosed by the audit in internal control over major programs.

5. We have issued an unmodified opinion on compliance for major programs.

6. The audit did not disclose any audit findings which we are required to report under section 200.516 of Title 2 U.S. Code of Federal Regulations Part 200.

7. Leslie County School District had the following major programs:

    U.S. Department of Education
    \- Passed through State Department of Education-
    Education Stabilization Fund Under the Coronavirus
    Aid, Relief and, Economic Security Act
    CFDA number 84.425

8. The dollar threshold used to distinguish between major and non-major programs was $750,000.

9. The auditee qualified as a low-risk auditee under section 200.520 of Title 2 U.S. Code of Federal Regulations Part 200.

Findings Related to the Financial Statements

– NONE –

Findings and Questioned Costs for Federal Awards

– NONE –

Chris Gooch
Certified Public Accountant
P.O. Box 1536
Hazard, Kentucky 41702
(606) 436-5700 FAX:(606) 436-5701
chrisgooch@chrisgoochcpa.com

Leslie County Board of Education
Hyden, Kentucky

In planning and performing our audit of the financial statements of Leslie County School District for the year ended June 30, 2023, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operation efficiency. The memorandum that accompanies this letter summarized our comments and suggestions regarding those matters. A separate report dated November 15, 2023, contains our report on the District's internal control structure. This letter does not affect our report dated November 15, 2023 on the financial statements of the Leslie County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of 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,

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 15, 2023

LESLIE COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

For the Year Ended June 30, 2023

Prior Year Comments

1. Use of facsimile inventory control forms by student activity accounts should assure all elements are applied as listed on FSA-5 in order to more properly account for beginning and ending inventory.

   Management response:
   Updated forms were provided to applicable personnel at each school location.

Current Year Comments

NONE

APPENDIX C

Leslie County School District Finance Corporation
School Building Revenue Bonds,
Series of 2024

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of June 20, 2024 by and between the Board of Education of Leslie County, Kentucky ("Board"); the Leslie County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third-party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $1,725,000 of the Corporation's School Building Revenue Bonds, Series of 2024, dated June 20, 2024 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Municipal Advisor") and approved by the authorized representatives of the Board and the Corporation, and

WHEREAS, the Securities and Exchange Commission ("SEC"), pursuant to the Securities and Exchange Act of 1934, has amended the provisions of SEC Rule 15c2-12 relating to financial disclosures by the issuers of municipal securities under certain circumstances ("Rule"), and

WHEREAS, it is intended by the parties to this Agreement that all terms utilized herein shall have the same meanings as defined by the Rule, and

WHEREAS, the Board is an "obligated person" as defined by the Rule and subject to the provisions of said Rule, and

WHEREAS, failure by the Board and the Corporation to observe the requirements of the Rule will inhibit the subsequent negotiation, transfer and exchange of the Bonds with a resulting diminution in the market value thereof to the detriment of the Registered and Beneficial Owners of said Bonds and the Board;

NOW, THEREFORE, in order to comply with the provisions of the Rule and in consideration of the purchase of the Bonds by the Registered and Beneficial Owners, the parties hereto agree as follows:

1. ANNUAL FINANCIAL INFORMATION

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year, commencing with the fiscal year ending June 30, 2024, to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information and operating data provided annually, of the type included in the FOS with respect to the Board in accordance with guidelines established by the National Federation of Municipal Analysts, and shall include annual audited financial statements for the Board in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the Board and the information provided in the FOS under the headings "OUTSTANDING BONDS", "BOND DEBT SERVICE", "DISTRICT STUDENT POPULATION", "LOCAL SUPPORT - Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment". If audited financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

The audited financial statements shall be prepared in accordance with Generally Accepted Accounting Principles, Generally Accepted Auditing Standards or in accordance with the appropriate sections of KRS or Kentucky Administrative Regulations.

The parties hereto agree that this Agreement is entered into among them for the benefit of those who become Registered and Beneficial Owners of the Bonds as third party beneficiaries to said Agreement.

2. MATERIAL EVENTS NOTICES

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following sixteen (16) events must be disclosed within ten (10) business days following the occurrence of said event to MSRB via EMMA and the SID, if any:

1. Principal/interest payment delinquency;

2. Nonpayment related default, if material;

3. Unscheduled draw on debt service reserve reflecting financial difficulties;

4. Unscheduled draw on credit enhancement reflecting financial difficulties;

5. Substitution of credit or liquidity provider, or its failure to perform;

6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond call, if material and tender offers;

9. Defeasance;

10. Release, substitution or sale of property securing the repayment of the security, if material;

11. Rating change;

12. Merger, consolidation, acquisition or sale of all or substantially all assets of an obligated person, other than in the ordinary course of business, and the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such action, other than pursuant to its terms, if material;

13. Bankruptcy, insolvency, receivership or similar event of the obligated person;

14. Successor, additional or change in trustee, if material;

15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and;

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of this Agreement the term "financial obligation" means:

(A) Debt obligation;

(B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) Guarantee of paragraph (A) or (B) above.

Notice of said material events shall be given to the entities identified in this Section by the Board on a timely basis (within ten (10) business days of the occurrence). Notwithstanding the foregoing, the provisions of the documents under which the Bonds are authorized and issued do not provide for a debt service reserve, credit enhancements or credit or liquidity providers.

In accordance with Rule Section 15c2-12(b)(5)(i)(D), the Board agrees that in the event of a failure to provide the Annual Financial Information required under Section 1 of this Agreement, it will notify MSRB via EMMA of such failure in a timely manner.

The Finance Officer of the Board shall be the responsible person for filing the annual financial information and/or notices of the events set forth above within the time prescribed in this Agreement. The Board shall cause the Finance Officer to institute an internal tickler system as a reminder of the obligations set forth herein. By December 1 of each fiscal year and each 30 days thereafter the Finance Officer will contact the auditor for the Board to determine when the audited financial statements will be finalized. The Finance Officer will impress upon the auditor the necessity of having such audited financial report on or before September 15. Within 5 days of receipt of such audited financial report the finance officer will cause the annual financial information to be filed as required by this Agreement.

3. SPECIAL REQUESTS FOR INFORMATION

Upon the request of any Registered or Beneficial Owner of the Bonds or the original purchaser of the Bonds or any subsequent broker-dealer buying or selling said Bonds on the secondary market ("Underwriters"), the Board shall cause financial information or operating data regarding the conduct of the affairs of the Board to be made available on a timely basis following such request.

4. DISCLAIMER OF LIABILITY

The Board and the Corporation hereby disclaim any liability for monetary damages for any breach of the commitments set forth in this Agreement and remedies for any breach of the Board's continuing disclosure undertaking shall be limited to an action for specific performance or mandamus in a court of competent jurisdiction in Kentucky following notice and an opportunity to cure such a breach.

5. FINAL OFFICIAL STATEMENT

That the Final Official Statement prepared by the Municipal Advisor and approved by the authorized representatives of the Board and the Corporation is hereby incorporated in this Agreement as fully as if copied herein and the "annual financial information" required under Section 1 hereof shall in summary form update the specific information set forth in said FOS.

6. DURATION OF THE AGREEMENT

This Agreement shall be in effect so long as any of the Bonds remain outstanding and unpaid; provided, however, that the right is reserved in the Board to delegate its responsibilities under the Agreement to a competent agent or trustee, or to adjust the format of the presentation of annual financial information so long as the intent and purpose of the Rule to present adequate and accurate financial information regarding the Board is served.

7. AMENDMENT; WAIVER

Notwithstanding any other provision of this Agreement, the Board may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Board shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Section 15c2-12(b)(5)(i)(C) of the Rule, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

8. DEFAULT

In the event of a failure of the Board to comply with any provision of this Agreement, the Corporation may and, at the request of any Underwriter or any Registered Owner or Beneficial Owner of Bonds, shall take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

In witness whereof the parties hereto have executed this Agreement as of the date first above written.

BOARD OF EDUCATION OF LESLIE COUNTY, KENTUCKY

____
Chairperson

Attest:

____
Secretary

LESLIE COUNTY SCHOOL DISTRICT FINANCE CORPORATION

____
President

Attest:

____
Secretary

APPENDIX D

Leslie County School District Finance Corporation
School Building Revenue Bonds,
Series of 2024

Official Terms and Conditions of Bond Sale

OFFICIAL
TERMS AND CONDITIONS OF BOND SALE

$1,725,000*
Leslie County School District Finance Corporation
School Building Revenue Bonds, Series of 2024
Dated June 20, 2024

SALE: May 30, 2024 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Leslie County School District Finance Corporation ("Corporation") will until May 30, 2024, 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 $175 ,000.

LESLIE 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 Leslie 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 Leslie County High School improvements (the "Project") and are secured by a statutory mortgage 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; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the school building(s) which constitute the school building Project (the "Parity Bonds").
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 $23,758 to be applied to the annual debt service requirements for the Bonds herein identified through June 1, 2044, 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 $23,758 to be applied to the annual debt service requirements for the Bonds herein identified each year through June 1, 2044; 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 June 20, 2024, payable on December 1, 2024, and semi annually thereafter and shall mature as to principal on June 1 in each of the years as follows:

Year	Amount*	Year	Amount*
2025	$55,000	2035	$ 85,000
2026	55,000	2036	90,000
2027	75,000	2037	95,000
2028	85,000	2038	100,000
2029	55,000	2039	100,000
2030	70,000	2040	105,000
2031	75,000	2041	120,000
2032	15,000	2042	120,000
2033	70,000	2043	135,000
2034	80,000	2044	140,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $175,000 which may be applied in any or all maturities.

The Bonds maturing on or after June 1, 2033 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2032, 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 December 1 and June 1 of each year, beginning December 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 $1,690,500 (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 $1,725,000 principal amount of 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 $175,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $1,550,000 or a maximum of $1,900,000. 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 $1,725,000 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 May 30, 2024.

(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 June 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, 2026

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, 2026 which was approved and signed by the Governor. Such budget becomes effective beginning July 1, 2024. 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

As a result of the Board and issuing agencies acting on behalf of the Board offering for public sale municipal securities in excess of $1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

Financial information regarding the Board may be obtained from Superintendent, Leslie County Board of Education, 27 Eagle Lane, Hyden, Kentucky 41749 (606.672.2397).

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

(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, 2024, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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.

LESLIE COUNTY SCHOOL DISTRICT FINANCE CORPORATION

by /s/Russell Thompson
Secretary

APPENDIX E

Leslie County School District Finance Corporation
School Building Revenue Bonds,
Series of 2024

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Leslie County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on May 30, 2024, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its $1,725,000 School Building Revenue Bonds, Series of 2024, dated June 20, 2024; maturing June 1, 2025 through 2044 ("Bonds").

We hereby bid for said $1,725,000* principal amount of Bonds, the total sum of $_______________ (not less than $1,690,500) plus accrued interest from June 20, 2024 payable December 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 June 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2025	$55,000	________%	2035	$ 85,000	________%
2026	55,000	________%	2036	90,000	________%
2027	75,000	________%	2037	95,000	________%
2028	85,000	________%	2038	100,000	________%
2029	55,000	________%	2039	100,000	________%
2030	70,000	________%	2040	105,000	________%
2031	75,000	________%	2041	120,000	________%
2032	15,000	________%	2042	120,000	________%
2033	70,000	________%	2043	135,000	________%
2034	80,000	________%	2044	140,000	________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $1,900,000 of Bonds or as little as $1,550,000 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 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 May 30, 2024.

(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 June 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, Trust Officer (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 June 20, 2024 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 June 20, 2024 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 Leslie county School District Finance Corporation for $________________ amount of Bonds at a price of $______________ as follows:

Year	Amount	Rate	Year	Amount	Rate
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	______%
2034	______,000	______%	2044	______,000	______%

Dated: May 30, 2024

____

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