

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO CHANGE, COMPLETION, OR AMENDMENT, WITHOUT NOTICE. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY THESE SECURITIES BE ACCEPTED BEFORE THE OFFICIAL STATEMENT IS DELIVERED IN FINAL FORM. 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 A SALE OF, THESE SECURITIES IN

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 2, 2026**

**Book-Entry Only  
New Issue – Not Bank Qualified**

**Rating: “ ” Moody’s  
See “RATING” herein**

*In the opinion of Bond Counsel for the Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Board, and subject to the conditions and limitations set forth herein under the caption “LEGAL MATTERS – Tax Treatment,” interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is exempt from Kentucky income tax, and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.*



**\$5,275,000\***  
**BOARD OF EDUCATION OF LAUREL COUNTY, KENTUCKY**  
**GENERAL OBLIGATION BONDS,**  
**SERIES 2026**

**Dated: Date of Issuance**

**Due: March 1, as shown below**

Interest on the above-captioned Bonds (the “Bonds”) will be payable from their dated date, on each March 1 and September 1, commencing September 1, 2026, and the Bonds mature on each March 1, as shown below:

Maturing 1-Mar	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Mar	Amount*	Interest Rate	Reoffering Yield	CUSIP
2027	\$85,000	%	%		2035	\$410,000	%	%	
2028	\$160,000	%	%		2036	\$425,000	%	%	
2029	\$165,000	%	%		2037	\$490,000	%	%	
2030	\$165,000	%	%		2038	\$510,000	%	%	
2031	\$215,000	%	%		2039	\$550,000	%	%	
2032	\$260,000	%	%		2040	\$595,000	%	%	
2033	\$270,000	%	%		2041	\$660,000	%	%	
2034	\$315,000	%	%						

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

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

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

The Bonds are offered when, as, and if issued, subject to the approval of the legality and tax exemption thereof by Steptoe & Johnson PLLC, Louisville, Kentucky, as Bond Counsel. The Bonds are expected to be available for delivery on or about March 3, 2026.



\* Preliminary, subject to change.

**LAUREL COUNTY BOARD OF EDUCATION**

Tony Krahenbuhl,  
Chair

Mike Garland,  
Member

Jeff Lewis,  
Member

Brice Hicks,  
Member

Kevin Murray,  
Member

Denise Griebel,  
Superintendent

Jimmy Hall,  
Treasurer

**BOND COUNSEL**

Step toe & Johnson PLLC  
Louisville, Kentucky

**MUNICIPAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

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

## REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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**\$5,275,000\***  
**BOARD OF EDUCATION OF LAUREL COUNTY, KENTUCKY**  
**GENERAL OBLIGATION BONDS,**  
**SERIES 2026**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page hereof and appendices hereto, is to set forth certain information relating to the issuance of \$5,275,000\* aggregate principal amount of General Obligation Bonds, Series 2026 (the “Bonds”) of the Board of Education of Laurel County, Kentucky, as specified on the cover page hereof.

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

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

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board on January 12, 2026 (the “Bond Resolution”).

The Bonds are being issued for the purposes of (i) financing improvements at South Laurel High School, North Laurel High School, Keavy Elementary School, and the Day Treatment Center (collectively the “Project”), and (ii) paying the costs of issuance of the Bonds.

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

The Bonds are offered when, as, and if issued by the Board. The Bonds will be delivered on or about March 3, 2026, in New York, New York, through the Depository Trust Company (DTC).

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the related continuing disclosure documents of the Board are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the Bond Resolution and the bond forms, may be obtained from Steptoe & Johnson PLLC, 101 South Fifth Street, Suite 3200, Louisville, Kentucky 40202. Additional information regarding this Official Statement or the District, including financial information of the District, is available from RSA Advisors, LLC, 147 East Third Street, Lexington, Kentucky 40508, Telephone: (859) 977-6600, Attention: Lincoln Theinert.

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\* Preliminary, subject to change.

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

## THE BONDS

### Description of the Bonds

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

Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing September 1, 2026, from the later of the date of issuance or the Bonds, or the most recent date to which interest has been paid or duly provided for, and shall be paid by check or draft mailed by U.S. Bank Trust Company, National Association, as Paying Agent and Registrar for the Bonds, to the registered owners thereof, as of the applicable record date set forth below, at their respective addresses appearing on the books of the Paying Agent and Registrar. The principal amount of the Bonds shall be paid when due to the registered owners thereof, upon the surrender of the Bonds at the designated corporate trust office of the Paying Agent and Registrar located in Louisville, Kentucky. Alternatively, the principal of and interest on the Bonds may also be paid by any other transfer of funds acceptable to the Paying Agent and Registrar and the registered owners thereof. The record date for each March 1 and September 1 interest payment date shall be the preceding February 15 and August 15, respectively.

### Authority for Issuance

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board on January 12, 2026 (the “Bond Resolution”).

### Redemption Provisions

Optional Redemption. The Bonds maturing on and after March 1, 2035, shall be subject to optional redemption on March 1, 2034, or any date thereafter, in whole or in part, in such order of maturity as may be selected by the District, and by lot within any maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

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

<u>Maturing March 1, 20[ ]</u>	
<u>Date</u>	<u>Amount</u>
March 1, 20__	\$
March 1, 20__	\$
<u>March 1, 20__*</u>	<u>\$</u>
*Final Maturity	

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

At least thirty days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption, signed by the Paying Agent and Registrar, to be mailed, postage prepaid, to all registered owners of the Bonds, or portions thereof, to be redeemed, at their addresses as they appear on the registration books maintained by the Paying Agent and Registrar; provided, however, that the failure to mail such notice shall not affect the validity of the proceedings for such redemption. Each notice of redemption shall set forth the date fixed for redemption, the redemption price to be paid, and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of the Bonds to be redeemed. In addition, if any Bond is to be redeemed in part only, such redemption notice shall also set forth the portion of the principal amount of such Bond to be redeemed and shall include a statement that on or after the date fixed for redemption, upon the surrender of such Bond for redemption, a new Bond will be issued in a principal amount equal to the unredeemed portion of the Bond so redeemed.

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

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

## **Defeasance**

The Bond Resolution permits the Board to defease any of the Bonds before the stated maturity thereof if (i) the Board shall have given notice of the redemption of such Bond or Bonds in accordance with the Bond Resolution or shall have provided for the giving of such notice at the appropriate time, and (ii) there shall have been deposited with the Paying Agent, or any other fiduciary, either (a) moneys in an amount sufficient, or (b) Defeasance Obligations, the principal of and the interest on which, when due, will provide moneys in an amount which, together with any moneys deposited with the Paying Agent or other fiduciary at the same time, shall be sufficient, in either case, to pay, when due, the principal or redemption price, if any, and interest due and to become due on such Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be. Neither any Defeasance Obligations, nor any moneys so deposited with the Paying Agent or with such other fiduciary, nor any principal or interest payments received from any Defeasance Obligations, shall be withdrawn or used for any purposes other than,

and shall be held in trust for, the payment of the principal or redemption price, if any, of any of the Bonds and any interest thereon; provided, however, that any cash received from such principal or interest payments on such Defeasance Obligations and deposited with the Paying Agent or any other fiduciary, if not then needed for such purposes, shall, to the extent practicable, be (1) reinvested in Defeasance Obligations maturing at such times and in such amounts as shall be sufficient to pay, when due, the principal or redemption price, if any, and interest to become due on any Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be, and (2) paid over to the Board, following the full discharge and payment of such Bonds, free and clear of any trust, lien, or pledge.

For the foregoing purposes, “Defeasance Obligations” means:

- (a) non-callable direct obligations of the United States, including U.S. Treasury bills, notes, bonds, and zero coupon bonds, U.S. Treasury Obligations – State and Local Government Series (SLGS), and direct obligations of the U.S. Treasury that have been stripped by the Treasury itself, including CATS, TIGRS, and similar securities;
- (b) non-callable obligations issued or guaranteed by the Government National Mortgage Association which are backed by the full faith and credit of the United States; and
- (c) non-callable senior debt obligations issued or guaranteed by any Federal Home Loan Bank or any Federal Home Loan Bank Board or by the Farm Credit System, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.

### **Book-Entry Only System**

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

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

## **SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**

### **General Obligation**

The Bonds are general obligations of the Board, and the full faith, credit, and taxing power of the Board are irrevocably pledged to the payment of the principal of and interest on the Bonds as and when due and payable. The basic security for general obligation indebtedness of the Board, including the Bonds, is the Board’s ability to levy, and its pledge to levy, an annual tax to pay the principal of and interest on all general obligation indebtedness of the Board, including the Bonds, as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as and when the same become due and payable, the principal of and interest on all outstanding general obligation bonds, including the Bonds, and other outstanding general obligation indebtedness of the Board. Under Section 159 of the Kentucky Constitution, the District, through

the Board, is required to collect an annual tax sufficient to pay the interest on all authorized indebtedness and to establish and maintain a sinking fund for the payment of the principal amount thereof. The Bond Resolution provides for the levy of such annual tax, which shall be collected to the extent other lawfully available moneys of the Board are not provided or available. The Bond Resolution also creates and provides for the maintenance of a Sinking Fund, into which the proceeds of such annual tax or other lawfully available moneys of the Board are to be deposited for the payment of the principal of and interest on the Bonds and all other general obligation indebtedness of the Board, and the amounts on deposit in the Sinking Fund shall not be used for any other purpose.

### **Statutory Lien**

Section 66.400 of the Kentucky Revised Statutes, as amended (the “Municipal Bankruptcy Law”), permits any political subdivision, public agency, or instrumentality of the Commonwealth, such as the District, for the purpose of enabling such political subdivision, public agency, or instrumentality to take advantage of the provisions of Chapter 9 of the United States Bankruptcy Code and, for that purpose only, (i) to file a petition stating that such political subdivision, public agency, or instrumentality (a) is insolvent or unable to meet its debts as they mature, and (b) desires to effectuate a plan for the composition or readjustment of its debts, and (ii) to take any further proceedings as are set forth in the United States Bankruptcy Code, as they relate to such political subdivision, public agency, or instrumentality. Under the Municipal Bankruptcy Law, the District does not need the approval or permission of the Kentucky Department for Local Government’s State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process. In addition, under the Municipal Bankruptcy Law, the District may be authorized to initiate Chapter 9 bankruptcy proceedings without any prior notice to or consent of its creditors, which bankruptcy proceedings may result in a material and adverse modification or alteration of the rights of the District’s secured and unsecured creditors, including the holders of its bonds and notes. See “INVESTMENT CONSIDERATION – Risk of Bankruptcy” herein.

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

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

### **State Intercept**

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

## State Participation

The Kentucky School Facilities Construction Commission (the “Commission”) is an independent corporate agency and instrumentality of the Commonwealth established and existing under the provisions of Sections 157.611 to 157.640, inclusive, 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.

In accordance with the provisions of the Act and the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that it will not participate in the payment of debt service on the Bonds.

## PLAN OF FINANCING

The Bonds are being issued for the purposes of (i) financing improvements to South Laurel High School, North Laurel High School, Keavy Elementary School, and the Day Treatment Center (collectively the “Project”), and (ii) paying the costs of issuance of the Bonds, including rating fees, the fees of the Municipal Advisor, the Paying Agent and Registrar, and Bond Counsel, and all other appropriate expenses as may be approved by the Board.

## ESTIMATED SOURCES AND USES OF FUNDS

### Sources:

Bond Proceeds	\$ _____
[Plus Original Issue Premium] [Less Original Issue Discount]	_____
Total Sources	\$ _____

### Uses:

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

## INVESTMENT CONSIDERATIONS

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

### Limitation on Enforcement of Remedies

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

## **Risk of Bankruptcy**

The obligations of the Board under the Bonds and the Bond Resolution are general obligations of the Board and are secured by the pledge of the Board's full faith, credit, and taxing power, any moneys held in the Board's Sinking Fund (on a parity with all other general obligation indebtedness of the Board) or the Bond Payment Fund established under the Bond Resolution, and the statutory lien provided by the Municipal Bankruptcy Law. A bondholder's enforcement of any remedies provided under the Bond Resolution may be limited or delayed in the event of the application of any federal bankruptcy laws or any other laws affecting creditors' rights generally, and may be substantially delayed and subject to judicial discretion in the event of any litigation or any required use of statutory remedial procedures. The validity and priority of the statutory lien provided under the Municipal Bankruptcy Law have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

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

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

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

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

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

### **Suitability of Investment**

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

### **Additional Debt**

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

### **General Economic Conditions**

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

### **Market for the Bonds**

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

### **Bond Rating**

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

### **Tax Implications**

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

## **THE DISTRICT**

### **General**

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

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

### **Kentucky Department of Education Supervision**

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

Each year, upon the receipt of local property assessments from the Kentucky Department of Revenue, the KDE certifies to the District (i) the general tax rate that the District could levy under Section 160.470(1) of the Kentucky Revised Statutes and the amount of revenue expected to be produced, (ii) the compensating tax rate, as defined in Section 132.010 of the Kentucky Revised Statutes, for the District’s general tax rate and the amount of revenue expected to be produced, and (c) the general tax rate which will produce, respectively, no more revenue from real property, exclusive of any revenue from new property, than 4% over the amount of revenue produced by the compensating tax rate described in (ii) above, and the amount of revenue expected to be produced. Within thirty days after the District has received its tax assessment data, the rates levied by the District shall be forwarded to the KDE for its approval or disapproval.

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

### **Revenue Sources within the District**

#### **General Property and Motor Vehicle Tax**

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

#### **SEEK Program**

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

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

### **Capital Outlay Allotment**

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

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

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

### **FSPK Program**

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

See “Appendix B – Tax Base, Operating, and Demographic Data” hereto for a recent history of the FSPK Program appropriations to the District.

## **Tax Base Information**

### **Homestead Exemption**

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

### **Limitation on Taxation**

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

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

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

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

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

### **Investment Policy**

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

- (a) Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of such obligations is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (b) Obligations and contracts for the future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including, but not limited to:

1. United States Treasury obligations;
  2. United States Export-Import Bank notes or guaranteed participation certificates;
  3. Farmers Home Administration insured notes;
  4. Governmental National Mortgage Corporation obligations; and
  5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including, but not limited to:
1. the Federal Home Loan Mortgage Corporation;
  2. Federal Farm Credit Banks;
  3. the Bank for Cooperatives (CoBank);
  4. Federal Intermediate Credit Banks;
  5. Federal Land Banks;
  6. Federal Home Loan Banks;
  7. the Federal National Mortgage Association; and
  8. the Tennessee Valley Authority;
- (d) Certificates of deposit or other interest-bearing accounts issued through any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or a similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by Section 41.240(4) of the Kentucky Revised Statutes;
- (e) Uncollateralized certificates of deposit issued by a bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- (f) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- (g) Commercial paper rated in the highest category by a competent rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- (j) Shares of mutual funds, each of which shall have the following characteristics:
1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  2. The management company of the investment company shall have been in operation for at least five years; and
  3. All of the securities in the mutual fund shall be eligible investments hereunder;
- (k) Individual equity securities, if the funds being invested will be managed by a professional investment manager that is regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed 25% of the equity allocation; and
- (l) Individual high-quality corporate bonds managed by a professional investment manager and that:

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

The District's current investment policy matches the investments permitted by Section 66.480 of the Kentucky Revised Statutes.

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

### **Debt Limitation**

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

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

Appendix D to this Official Statement contains a Statement of Indebtedness for the Board, certified by the Treasurer of the Board, that calculates the amount of the outstanding obligations of the District (including the Bonds) that are subject to the 2% total direct debt limit. The total principal amount of general obligation debt that could be issued by the Board, subject to the 2% debt limitation, is \$93,209,506, and the Board's net debt subject to such limit presently outstanding (including the Bonds) is \$11,820,000\*, leaving a balance of approximately \$81,389,506\* borrowing capacity issuable within such limitation.

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

### **Bond Anticipation Notes**

As provided by Section 56.513 and Section 58.150 of the Kentucky Revised Statutes, school districts are authorized to issue notes from time to time, including renewal notes, in anticipation of the issuance of any bonds, upon the same terms and conditions as bonds, except bond anticipation notes may be sold by private,

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\* Preliminary, subject to adjustment.

negotiated sale in any manner determined or authorized by the board of education of the district. The ability of a school district to retire its bond anticipation notes from the proceeds of the sale of either bonds or renewal notes will ultimately depend upon the marketability of such bonds or renewal notes under the market conditions prevailing at the time of such sale.

## **LEGAL MATTERS**

### **General**

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

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

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

### **Transcript and Closing Certificates**

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

### **Litigation**

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

### **Tax Treatment**

#### **General**

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings, and court decisions in effect as of the date hereof, interest on the Bonds will be excludable from gross income for federal

income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals (for a discussion of the corporate alternative minimum tax, see “LEGAL MATTERS – Tax Treatment – Corporate Alternative Minimum Tax” herein). In addition, Bond Counsel is also of the opinion that interest on the Bonds will be exempt from Kentucky income taxation and that the Bonds will be exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

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

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

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

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

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

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

### **Original Issue Premium**

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

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

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

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

### **Corporate Alternative Minimum Tax**

The Inflation Reduction Act of 2022 imposes a new corporate alternative minimum tax equal to 15% of the “adjusted financial statement income” of an “applicable corporation,” both as defined in Section 59(k)

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

## **CONTINUING DISCLOSURE**

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

- (i) to the Municipal Securities Rulemaking Board (the “MSRB”), or to any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system, as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the SEC, for each fiscal year of the District, certain annual financial information and operating data of the District (the “Annual Financial Information”), including the audited financial statements of the District, generally consistent with (i) the financial information and operating data of the District set forth under the following headings of Appendix B to the Offering Document: “Outstanding Bonds”, “Bond Debt Service”, “District Student Population”, “Local Support – Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment”, and (ii) the audited financial statements of the District set forth in “Appendix C – Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2025” hereto. The Annual Financial Information shall be provided annually, no later than 9 months after the end of the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2026, provided, however, that audited financial statements may not be available by such date, but shall be made available immediately upon delivery thereof by the auditors for the District; and
- (ii) to the MSRB, through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
  - (a) Principal and interest payment delinquencies;
  - (b) Non-payment related defaults, if material;
  - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) Substitution of credit or liquidity providers, or their failure to perform;
  - (f) Adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of

- the security, or any other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
  - (h) Bond calls, if material, and tender offers (except for any mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
  - (i) Defeasances;
  - (j) Release, substitution, or sale of property securing repayment of the securities, if material;
  - (k) Rating changes;
  - (l) Bankruptcy, insolvency, receivership, or other similar event of the District (Note: This event is considered to occur upon the occurrence of any of the following: The appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or under any other state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession of such assets or business, but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);
  - (m) The consummation of any merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than in accordance with its terms, if material;
  - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (o) Incurrence of a Financial Obligation of the District, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect its security holders, if material; and
  - (p) Default, event of acceleration, termination event, modification of terms, or any other similar events under the terms of any Financial Obligation of the District, any of which reflect financial difficulties.
- (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the District has knowledge) of the District to provide the required Annual Financial Information on or before the date specified in the Continuing Disclosure Certificate.

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

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

The Continuing Disclosure Certificate provides bondholders, including the beneficial owners of the Bonds, with certain enforcement rights in the event of failure by the Board to comply with the terms thereof; however, a default under the Continuing Disclosure Certificate does not constitute an event of default under

the Bond Resolution. The Continuing Disclosure Certificate may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

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

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

As of the date of this Official Statement, the Board is in compliance with the reporting requirements of the Rule for the past five years for which it is an “obligated person,” as defined in the Rule. The Board intends to file all future Annual Financial Information within the time requirements specified in the Rule, the Continuing Disclosure Certificate, and the Board’s existing continuing disclosure undertakings relating to other outstanding debt issues, and the Board has adopted policies and procedures to ensure the timely filing thereof, which policies and procedures are available to the public upon request.

Financial information regarding the District may be obtained from the Superintendent of the District at 718 North Main Street, London, Kentucky 40741, Telephone: (606) 862-4600

### **RATING**

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

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

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

### **UNDERWRITING**

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

**MUNICIPAL ADVISOR**

RSA Advisors, LLC, Lexington, Kentucky, has acted as Municipal Advisor (the “Municipal Advisor”) to the District in connection with the issuance and sale of the Bonds and will receive a fee, payable from the proceeds of the Bonds, for its services rendered as the Municipal Advisor to the District, contingent upon the issuance and sale of the Bonds. The Municipal Advisor has compiled certain data relating to the Bonds contained herein. The Municipal Advisor is not obligated (i) to undertake, and has not undertaken, to make an independent verification of, or (ii) to assume responsibility for the accuracy, completeness, or fairness of the information contained herein. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

**MISCELLANEOUS**

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

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

**BOARD OF EDUCATION OF LAUREL  
COUNTY, KENTUCKY**

By: /s/ Andrew Cline  
Chair

**APPENDIX A**

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

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ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS

**ESTMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS**

<b>Fiscal Year Ending June 30</b>	<b>Current Local Bond Payments</b>	<b>Laurel CSD Series 2024 GO</b>			<b>Total Local Bond Payments</b>
		<b>Principal Portion</b>	<b>Interest Portion</b>	<b>Total Payment</b>	
2026	\$9,081,949				\$9,081,949
2027	\$9,080,054	\$85,000	\$183,358	\$268,358	\$9,348,413
2028	\$7,538,758	\$160,000	\$181,833	\$341,833	\$7,880,591
2029	\$7,538,198	\$165,000	\$177,033	\$342,033	\$7,880,230
2030	\$7,537,660	\$165,000	\$172,083	\$337,083	\$7,874,743
2031	\$6,718,569	\$215,000	\$167,133	\$382,133	\$7,100,701
2032	\$5,862,004	\$260,000	\$160,683	\$420,683	\$6,282,686
2033	\$5,863,566	\$270,000	\$152,753	\$422,753	\$6,286,318
2034	\$5,087,814	\$315,000	\$144,248	\$459,248	\$5,547,061
2035	\$3,420,634	\$410,000	\$134,010	\$544,010	\$3,964,644
2036	\$3,422,970	\$425,000	\$120,275	\$545,275	\$3,968,245
2037	\$2,317,952	\$490,000	\$105,613	\$595,613	\$2,913,564
2038	\$2,320,882	\$510,000	\$88,218	\$598,218	\$2,919,099
2039	\$1,859,884	\$550,000	\$69,603	\$619,603	\$2,479,486
2040	\$1,350,368	\$595,000	\$48,978	\$643,978	\$1,994,346
2041	\$494,843	\$660,000	\$26,070	\$686,070	\$1,180,913
2042	\$501,050				\$501,050
<b>TOTALS:</b>	<b>\$79,997,154</b>	<b>\$5,275,000</b>	<b>\$1,931,886</b>	<b>\$7,206,886</b>	<b>\$87,204,039</b>

*Notes: Numbers are Rounded to the nearest \$1.00;*

**APPENDIX B**

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

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TAX BASE, OPERATING, AND DEMOGRAPHIC DATA OF THE DISTRICT

## COUNTY OF LAUREL, KENTUCKY

### TAX BASE, OPERATING, AND DEMOGRAPHIC DATA

London, the county seat of Laurel County, is centrally positioned along Interstate 75 between the Daniel Boone and Cumberland Gap Parkways at the foothills of the Appalachian Mountains. London is near five state parks, two national parks, and is home to Laurel Lake. The city is located 78 miles south of Lexington, Kentucky; 97 miles north of Knoxville, Tennessee; and 149 miles southeast of Louisville, Kentucky. London had an estimated population of 7,871 in 2024.

Laurel County covers a land area of 436 square miles in Kentucky's Cumberland Valley Region. Laurel County had an estimated population of 63,552 in 2024.

#### **The Economic Framework**

In 2024, Laurel County had a labor force of 26,876 people with an unemployment rate of 5.70%. The top five jobs by occupation were as follows: (1) sales – 2,868 (13.49%), (2) office and administrative support – 2,415 (11.36%), (3) executive managers and administrators – 2,082 (9.79%), (4) education, training/library – 1,543 (7.26%), and (5) production workers – 1,454 (6.84%).

#### **Power and Fuel**

Electric power is provided to Laurel County by East Kentucky Power Cooperative's members of Cumberland Valley Electric Inc., Jackson Energy Cooperative and South Kentucky Rural Economic Cooperative Corporation, and Louisville Gas & Electric's Kentucky Utilities subsidiary. Delta Natural Gas Company provides natural gas service locally.

### TAX BASE INFORMATION

#### **Assessed Value of Property**

<b>Fiscal Year</b>	<b>Total</b>
2021	\$3,555,040,274
2022	\$3,732,383,902
2023	\$4,125,678,268
2024	\$4,389,694,580
2025	\$4,660,475,304

*Source: Kentucky Department of Education – SEEK Calculation*

#### **Historical Tax Rates**

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Tangible</b>	<b>Motor Vehicle</b>
2021	48.700	48.700	46.300
2022	48.500	48.500	46.300
2023	46.400	48.400	46.300
2024	46.200	46.500	46.300
2024	44.900	46.500	46.300

*Source: Kentucky Department of Education – SEEK Taxes*

## Top Ten Taxpayers of the District

The following tables lists the ten largest real property taxpayers of the County as reported by the Laurel County Property Valuation Administrator for the calendar year 2025.

Taxpayer	Real Property Assessment (\$)
Aisin Automotive Casting Inc.	64,223,003
Sazerac Distillers LLC	40,000,000
Wal Mart Stores East LP	34,000
AGNL Tartan LLC	24,289,300
Wal Mart Real Estate Business	21,508,000
Galileo London Marketplace LLC	15,702,975
Store Master Funding XXXII LLC	14,791,000
Baxmax LLC	12,511,025
CHI Kentucky Inc.	11,356,000
D&K Carpenter Properties LLC	10,995,050

## OPERATING AND FINANCIAL DATA

### Outstanding Bonds

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2012	\$8,900,000	\$5,710,000	\$7,246,636	\$1,653,364	2.125% - 3.000%	2032
2014-REF	\$9,825,000	\$3,865,000	\$9,825,000	\$0	3.000% - 3.500%	2029
2014	\$17,700,000	\$11,880,000	\$17,700,000	\$0	3.000% - 4.000%	2034
2015A- REF	\$15,465,000	\$3,905,000	\$15,465,000	\$0	4.000%	2027
2015B- REF	\$12,870,000	\$6,025,000	\$11,811,856	\$1,058,144	4.000%	2026
2015	\$14,260,000	\$10,575,000	\$13,390,592	\$869,408	3.000% - 3.500%	2035
2016-REF	\$7,340,000	\$4,945,000	\$5,052,536	\$2,287,464	2.000% - 2.250%	2030
2017	\$6,825,000	\$6,105,000	\$4,703,128	\$2,121,872	2.250% - 3.250%	2037
2019	\$6,740,000	\$6,020,000	\$5,960,108	\$779,892	3.000%	2039
2021	\$7,320,000	\$7,085,000	\$6,649,386	\$670,614	2.000%	2041
2024 GO	\$6,545,000	\$6,545,000	\$6,545,000	\$0	3.375% - 3.625%	2039
<b>TOTALS:</b>	<b>\$113,790,000</b>	<b>\$72,660,000</b>	<b>\$104,349,242</b>	<b>\$9,440,758</b>		

## Overlapping Indebtedness

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Laurel			
General Obligation	64,990,000	22,240,000	42,750,000
Solid Waste Revenue	7,300,000	0	7,300,000
Multiple Purposes	2,280,000	1,995,000	285,000
Refinancing/Refunding Revenue	2,667,500	2,016,000	651,500
Justice Center/Courthouse Improvement	12,485,000	5,510,000	6,975,000
Special Districts			
East Laurel Water District	3,767,000	1,427,000	2,340,000
Laurel County Public Health Taxing District	5,650,000	4,190,000	1,460,000
Laurel County Public Library District	5,500,000	0	5,500,000
Laurel County Water District #2	9,500,000	961,500	8,538,500
Wood Creek Water District	21,037,500	7,036,100	14,001,400
<hr/>			
Totals:	135,177,000	45,375,600	89,801,400

*Source: Kentucky Department for Local Government, FY 2025*

## Attendance

School Year	Average Daily Attendance
2020-21	7,867
2021-22	8,177
2022-23	8,177
2023-24	7,672
2024-25	7,596

*Source: Kentucky Department of Education – SEEK Calculations*

## SEEK Funds

Description	----- Fiscal Year -----				
	2021	2022	2023	2024	2025
SEEK Funds	\$29,795,719	\$32,567,130	\$32,664,937	\$31,296,644	\$31,435,521
FSPK Funds	\$1,777,520	\$1,866,192	\$2,062,839	\$2,194,847	\$2,330,238
Capital Outlay Allotments	\$786,690	\$817,727	\$817,727	\$767,239	\$759,613

*Source: Kentucky Department of Education – SEEK Calculations*

## DEMOGRAPHIC DATA

### Population Growth (in thousands)

Description	2021	2022	2023	2024
London	8,076	7,600	7,635	7,733
Laurel County	62,696	63,338	63,226	63,631

Source: Kentucky Cabinet for Economic Development

### Population Projections

Description	2030	2035	2040
Laurel County	65,179	65,977	66,595

Source: Kentucky State Data Center, University of Louisville

### Unemployment Rate (%)

Year	Laurel County	Kentucky	United States
2020	6.8	6.5	8.1
2021	4.3	4.5	5.3
2022	4.3	4.0	3.6
2023	4.5	4.2	3.6
2024	6.2	5.1	4.0

Source: Kentucky Center for Statistics

**APPENDIX C**

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

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AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**LAUREL COUNTY SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2025**

**with**

**REPORT OF INDEPENDENT AUDITORS**

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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**INDEPENDENT AUDITORS' REPORT**

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

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statement***

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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 December 12, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
December 12, 2025

**LAUREL COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2025**

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As management of the Laurel County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes.

**FINANCIAL HIGHLIGHTS**

The District's solid financial position is attributed to sound fiscal management and continuing review of all policies in search of ways to increase revenues and/or reduce costs. Our current financial position is strong and our budget for FY 2025 is solid and supports the educational needs of the students the District serves while at the same time can respond to the fluid nature of changes in the current economic landscape.

Bonds are issued as the District renovates and builds facilities consistent with long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's net total bonded debt decreased by \$660,000 during the current fiscal year. In fiscal year 2025, excluding revenue from transfers and sales of assets, total government fund revenues were approximately \$122.75 million which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes and excluding construction costs of \$10.65 million, total government fund expenditures, net of transfers, were approximately \$116.79 million.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The district-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 revenues, expenses, and changes in net position 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 expenditures 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 plants, 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. All of the funds of the District can be divided into three categories:

**Governmental Funds:** Most of the District's basic activities are reported in these funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. The funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The statements for these funds provide a short-term view of the District's general operations and the basic services they provide to help determine where financial resources may be found to finance the District's programs.

**Proprietary Funds:** These are business-type activities where the District charges students or parents for the services it provides. These funds are reported using the full accrual accounting method in the same way that all activities are reported in the Statement of Net position and Statement of Revenues, Expenses, and Changes in Net Position. School food service is the major activity considered as business-type activities in the District.

**Fiduciary funds:** These are trust funds used to account for resources held for the benefit of parties outside the District. These funds are not reflected in the District-wide financial statements because the resources of these funds are not available to support the District's own activities or programs. The basis of accounting for fiduciary funds is similar to that of proprietary funds.

The basic governmental fund financial statements can be found on the table of contents of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on the table of contents of this report.

#### **DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position is an indicator of a district's financial position. Laurel County School District assets exceeded liabilities by \$64,190,981 as of June 30, 2025, an increase of \$9,042,952 from the previous year.

*See table on next page*

LAUREL COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED  
YEAR ENDED JUNE 30, 2025

Net Position Comparison Statement	June 30, 2025	June 30, 2024	Change
Current assets	\$ 35,926,891	\$ 42,065,148	\$ (6,138,257)
Capital assets net of depreciation	<u>174,357,123</u>	<u>167,727,093</u>	<u>6,630,030</u>
<b>Total Assets</b>	<b>210,284,014</b>	<b>209,792,241</b>	<b>491,773</b>
Deferred outflows of resources	<u>17,155,437</u>	<u>21,607,534</u>	<u>(4,452,097)</u>
<b>Total Deferred Outflow of Resources</b>	<b>17,155,437</b>	<b>21,607,534</b>	<b>(4,452,097)</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b><u>\$ 227,439,451</u></b>	<b><u>\$ 231,399,775</u></b>	<b><u>\$ (3,960,324)</u></b>
Current liabilities	\$ 19,465,661	\$ 27,222,310	\$ (7,756,649)
Long-term liabilities	<u>122,278,936</u>	<u>123,493,518</u>	<u>(1,214,582)</u>
<b>Total Liabilities</b>	<b>141,744,597</b>	<b>150,715,828</b>	<b>(8,971,231)</b>
Deferred inflows	<u>21,503,873</u>	<u>25,535,918</u>	<u>(4,032,045)</u>
<b>Total Deferred Inflow of Resources</b>	<b>21,503,873</b>	<b>25,535,918</b>	<b>(4,032,045)</b>
<b>Net Position</b>			
Investment in capital assets, net of debt	101,299,091	93,976,495	7,322,596
Restricted	16,543,406	15,323,017	1,220,389
Unreserved Fund Balance	<u>(53,651,516)</u>	<u>(54,151,483)</u>	<u>499,967</u>
<b>Total Net Position</b>	<b><u>64,190,981</u></b>	<b><u>55,148,029</u></b>	<b><u>9,042,952</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b><u>\$ 227,439,451</u></b>	<b><u>\$ 231,399,775</u></b>	<b><u>\$ (3,960,324)</u></b>

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

See table on next page

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

	<b>June 30, 2024</b>			<b>June 30, 2025</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
<b>Governmental Activities</b>				
Land	\$ 4,392,866	\$ -	\$ -	\$ 4,392,866
Land Improvements	1,700,949	-	-	1,700,949
Buildings	206,327,644	460,894	98,752	206,689,786
Technology	184,421	-	147,135	37,286
Vehicles	12,552,526	769,127	304,977	13,016,676
General Equipment	1,009,928	104,298	22,201	1,092,025
Construction Work in Progress	21,110,880	10,463,542	-	31,574,422
Total historical cost	247,279,214	11,797,861	573,065	258,504,010
Less accumulated depreciation	85,015,919	5,028,365	478,347	89,565,937
Governmental capital assets, net	<u>\$ 162,263,295</u>	<u>\$ 6,769,496</u>	<u>\$ 94,718</u>	<u>\$ 168,938,073</u>
<b>Business-type Activities</b>				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
General Equipment	685,047	221,743	26,403	880,387
Total historical cost	11,236,306	221,743	26,403	11,431,646
Less accumulated depreciation	5,772,506	266,493	26,403	6,012,596
Business-type capital assets, net	<u>\$ 5,463,800</u>	<u>\$ (44,750)</u>	<u>\$ -</u>	<u>\$ 5,419,050</u>

**Comments on General Fund Budget Comparisons**

The District's total General Fund revenues for the fiscal year ended June 30, 2025, net of interfund transfers, sales of assets and beginning balance was \$85,250,943.

Total General Fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual revenue being \$6,516,444 more than budget or 8.28% more.

Total General Fund budgeted expenditures net of budgeted contingency and interfund transfers compared to actual expenditures were \$1,681,310 more than budget or 1.88% more. The major contributor to this increase was an increase in instruction expense due to state on-behalf disbursements.

The budget to actual comparison statements can be found on the pages referenced in the table of contents of this report.

The following table presents a summary of revenues and expenditures reported on the Annual Financial Report for the fiscal year ended June 30, 2025, excluding beginning balance and inter-fund transfers, compared to the fiscal year ended June 30, 2024.

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

	<u>FY 2025</u>	<u>FY 2024</u>	<u>Change</u>
<b>REVENUES</b>			
Local revenue sources	\$ 29,084,836	\$ 28,357,823	\$ 727,013
State revenue sources	77,603,083	72,412,601	5,190,482
Federal revenue sources	16,057,401	24,991,036	(8,933,635)
<b>Total revenues</b>	<b><u>\$ 122,745,320</u></b>	<b><u>\$ 125,761,460</u></b>	<b><u>\$ (3,016,140)</u></b>
<b>EXPENDITURES</b>			
Instruction	\$ 65,738,100	\$ 68,562,865	\$ (2,824,765)
Student support services	7,951,190	7,560,129	391,061
Instructional support	4,245,520	4,166,518	79,002
District administration	1,264,470	1,251,834	12,636
School administration	5,135,218	4,727,534	407,684
Business support	1,624,848	2,109,792	(484,944)
Plant operations	12,426,242	11,224,688	1,201,554
Student transportation	5,884,313	7,049,201	(1,164,888)
Community support	1,056,682	1,023,711	32,971
Other	111,856	90,345	21,511
Activity fund activities	1,805,855	2,093,418	(287,563)
Site improvement	10,652,489	15,635,525	(4,983,036)
Debt service	9,541,652	9,491,415	50,237
<b>Total expenditures</b>	<b><u>127,438,435</u></b>	<b><u>134,986,975</u></b>	<b><u>(7,548,540)</u></b>
Revenue in excess (deficit) of expenditures	<b><u>\$ (4,693,115)</u></b>	<b><u>\$ (9,225,515)</u></b>	<b><u>\$ 4,532,400</u></b>

The major factors in the above changes are the result of increased federal revenue and decreased state on behalf contributions in FY 2025.

**BUDGETARY IMPLICATIONS**

Kentucky's 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 for the current fiscal year. By statute the General Fund budget must maintain a minimum 2.0% unassigned fund balance, the District budgeted \$3,622,255 in contingency for the year ended June 30, 2025.

**LOCAL ECONOMIC OUTLOOK**

The economic forecast for the London/Laurel County area continues to be stable.

Census data from the University of Louisville indicates on average 7% population growth every five years for the next twenty-five years, however the growth in student ages (5-19) remains level until the year 2025 when the growth in this age group will begin to increase. Laurel County Schools FY 2025 student enrollment slightly increased compared with FY 2024 enrollment.

**LAUREL COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED  
YEAR ENDED JUNE 30, 2025**

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Laurel County has an intersection of a north/south interstate, I-75, and a major east/west highway. Economic strength can be found in the balance among manufacturing, professional services, retail trade, tourism, educational, health and social service, and transportation. The area's diverse economic infrastructure has insulated it from major economic downturns. Local government officials continue to be very proactive in attracting new employers to the area and have been successful in attracting new jobs to the area.

**CONTACTING THE LAUREL COUNTY SCHOOL DISTRICT MANAGEMENT**

Questions regarding this report should be directed to the Business Manager by phone (606) 862-4600 or by mail at 718 North Main Street, London, KY 40741.

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

ASSETS	Governmental Activities	Business-type Activities	Total
<b>Current Assets</b>			
Cash and cash equivalents	\$ 14,247,738	\$ 5,520,482	\$ 19,768,220
Accounts receivable	13,452,848	26,006	13,478,854
Net OPEB asset	595,758	118,837	714,595
Supplies Inventory	1,808,956	156,266	1,965,222
<b>Total current assets</b>	<u>30,105,300</u>	<u>5,821,591</u>	<u>35,926,891</u>
<b>Noncurrent Assets</b>			
Capital assets	258,504,010	11,431,646	269,935,656
Less: Accumulated depreciation	89,565,937	6,012,596	95,578,533
<b>Total noncurrent assets</b>	<u>168,938,073</u>	<u>5,419,050</u>	<u>174,357,123</u>
<b>Total assets</b>	<u>199,043,373</u>	<u>11,240,641</u>	<u>210,284,014</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows - Bond refundings	234,971	-	234,971
Deferred outflows - CERS OPEB	1,998,353	398,617	2,396,970
Deferred outflows - KTRS OPEB	7,082,000	-	7,082,000
Deferred outflows - CERS pension	6,203,975	1,237,521	7,441,496
<b>Total deferred outflow of resources</b>	<u>15,519,299</u>	<u>1,636,138</u>	<u>17,155,437</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 214,562,672</u>	<u>\$ 12,876,779</u>	<u>\$ 227,439,451</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 2,173,314	\$ 8,851	\$ 2,182,165
Checks written in excess of bank	1,972,216	-	1,972,216
Accrued payroll and withholding obligations	344,746	-	344,746
Interest payable	621,372	-	621,372
Current portion of bond obligations	7,570,000	-	7,570,000
Current portion of compensated absences	168,000	-	168,000
Unearned revenue	6,607,162	-	6,607,162
<b>Total current liabilities</b>	<u>19,456,810</u>	<u>8,851</u>	<u>19,465,661</u>
<b>Noncurrent Liabilities</b>			
Net pension liability - CERS	20,578,419	4,104,822	24,683,241
Net OPEB liability - CERS	-	-	-
Net OPEB liability - KTRS	12,653,000	-	12,653,000
Noncurrent portion of bonds obligations	65,090,000	-	65,090,000
Bond premium, net of amortization	633,003	-	633,003
Noncurrent portion of compensated absences	19,219,692	-	19,219,692
<b>Total noncurrent liabilities</b>	<u>118,174,114</u>	<u>4,104,822</u>	<u>122,278,936</u>
<b>Total Liabilities</b>	<u>137,630,924</u>	<u>4,113,673</u>	<u>141,744,597</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows - CERS OPEB	6,296,513	1,255,978	7,552,491
Deferred inflows - KTRS OPEB	9,554,000	-	9,554,000
Deferred inflows - pension	3,666,097	731,285	4,397,382
<b>Total deferred inflow of resources</b>	<u>19,516,610</u>	<u>1,987,263</u>	<u>21,503,873</u>
<b>Total Liabilities and deferred inflows of resources</b>	<u>157,147,534</u>	<u>6,100,936</u>	<u>163,248,470</u>
<b>NET POSITION</b>			
Investment in capital assets, net of debt	95,880,041	5,419,050	101,299,091
Restricted for:			
Capital projects	11,827,137	-	11,827,137
Other purposes	3,359,476	1,356,793	4,716,269
Unrestricted	(53,651,516)	-	(53,651,516)
<b>Total net position</b>	<u>57,415,138</u>	<u>6,775,843</u>	<u>64,190,981</u>
<b>Total liabilities and net position</b>	<u>\$ 214,562,672</u>	<u>\$ 12,876,779</u>	<u>\$ 227,439,451</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
Instruction	\$ 69,552,247	\$ 7,320	\$ 33,872,984	\$ -	\$ (35,671,943)	\$ -	\$ (35,671,943)
Support services:							
Student	7,951,190	-	2,088,061	-	(5,863,129)	-	(5,863,129)
Instruction staff	4,245,520	-	1,392,040	-	(2,853,480)	-	(2,853,480)
District administrative	1,277,447	-	464,013	-	(813,434)	-	(813,434)
School administrative	5,135,218	-	2,677,358	-	(2,457,860)	-	(2,457,860)
Business	1,624,848	-	821,304	-	(803,544)	-	(803,544)
Plant operation and maintenance	13,273,030	-	4,176,121	-	(9,096,909)	-	(9,096,909)
Student transportation	5,460,156	-	909,466	-	(4,550,690)	-	(4,550,690)
Other instructional	111,857	-	-	-	(111,857)	-	(111,857)
Community service activities	1,056,682	-	-	-	(1,056,682)	-	(1,056,682)
Student activity	1,805,855	-	-	-	(1,805,855)	-	(1,805,855)
Interest on long-term debt	2,278,551	-	-	696,803	(1,581,748)	-	(1,581,748)
<b>Total governmental activities</b>	<b>113,772,601</b>	<b>7,320</b>	<b>46,401,347</b>	<b>696,803</b>	<b>(66,667,131)</b>	<b>-</b>	<b>(66,667,131)</b>
<b>Business-type Activities</b>							
Food service	6,951,402	161,048	6,768,920	-	-	(21,434)	(21,434)
Other business activities	72,052	91,432	-	-	-	19,380	19,380
<b>Total business-type activities</b>	<b>7,023,454</b>	<b>252,480</b>	<b>6,768,920</b>	<b>-</b>	<b>-</b>	<b>(2,054)</b>	<b>(2,054)</b>
<b>Total school district</b>	<b>\$ 120,796,055</b>	<b>\$ 259,800</b>	<b>\$ 53,170,267</b>	<b>\$ 696,803</b>	<b>(66,667,131)</b>	<b>(2,054)</b>	<b>(66,669,185)</b>
<b>General Revenues</b>							
Property taxes					16,839,180	-	16,839,180
Motor vehicle taxes					3,398,975	-	3,398,975
Utility taxes					4,271,898	-	4,271,898
Other taxes					920,904	-	920,904
Investment earnings					984,415	-	984,415
State aid formula grants					46,562,333	-	46,562,333
Gains (losses) on sale of fixed assets					72,288	-	72,288
Transfers in/(out)					305,098	(305,098)	-
Other Local amounts					2,662,144	-	2,662,144
<b>Total general revenues</b>					<b>76,017,235</b>	<b>(305,098)</b>	<b>75,712,137</b>
Change in net position					9,350,104	(307,152)	9,042,952
Restated net position - beginning					48,065,034	7,082,995	55,148,029
<b>Net position - ending</b>					<b>\$ 57,415,138</b>	<b>\$ 6,775,843</b>	<b>\$ 64,190,981</b>

LAUREL COUNTY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2025

	General Fund	Special Revenue	Building Fund	Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 13,385,775	\$ 861,963	\$ 14,247,738
Accounts receivable	766,457	12,686,391	-	-	-	13,452,848
Supplies inventory	1,808,956	-	-	-	-	1,808,956
Interfund receivable	5,794,985	-	-	-	-	5,794,985
<b>Total assets</b>	<b>8,370,398</b>	<b>12,686,391</b>	<b>-</b>	<b>13,385,775</b>	<b>861,963</b>	<b>35,304,527</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Interfund payable	-	5,794,985	-	-	-	5,794,985
Checks written in excess of bank	1,972,216	-	-	-	-	1,972,216
Accounts payable	330,432	284,244	-	1,558,638	-	2,173,314
Accrued payroll and withholding obligations	344,746	-	-	-	-	344,746
Unearned revenue	-	6,607,162	-	-	-	6,607,162
Current portion of accumulated sick leave	168,000	-	-	-	-	168,000
<b>Total liabilities</b>	<b>2,815,394</b>	<b>12,686,391</b>	<b>-</b>	<b>1,558,638</b>	<b>-</b>	<b>17,060,423</b>
<b>Fund Balances</b>						
Nonspendable	1,808,956	-	-	-	-	1,808,956
Restricted	-	-	-	11,827,137	861,963	12,689,100
Committed	1,000,000	-	-	-	-	1,000,000
Assigned	550,520	-	-	-	-	550,520
Unassigned	2,195,528	-	-	-	-	2,195,528
<b>Total fund balances</b>	<b>5,555,004</b>	<b>-</b>	<b>-</b>	<b>11,827,137</b>	<b>861,963</b>	<b>18,244,104</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,370,398</b>	<b>\$ 12,686,391</b>	<b>\$ -</b>	<b>\$ 13,385,775</b>	<b>\$ 861,963</b>	<b>\$ 35,304,527</b>

LAUREL COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF NET POSITION  
 JUNE 30, 2025

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Total fund balance per fund financial statements	\$ 18,244,104
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	168,938,073
Net OPEB asset is not reported in this fund financial statement because they are not current financial resources, but are reported in the statement of net position	595,758
Deferred outflows of resources are not reported in this fund financial statement because they do not affect current economic resources, but they are presented in the statement of net position.	15,519,299
Deferred inflows of resources are not reported in this fund financial statement because they do not affect current economic resources, but they are presented in the statement of net position.	(19,516,610)
Certain liabilities (such as bonds payable, premiums, the long-term portion of compensated absences, and accrued interest, net pension liability) are not reported in this fund financial statement because they are not due and payable but they are presented in the statement of net position.	<u>(126,365,486)</u>
Net position for governmental activities	<u>\$ 57,415,138</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue	Building Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
From local sources						
Property taxes	\$ 9,848,466	\$ -	\$ 6,990,714	\$ -	\$ -	\$ 16,839,180
Motor vehicle taxes	3,398,975	-	-	-	-	3,398,975
Utility taxes	4,271,898	-	-	-	-	4,271,898
Franchise fees	920,904	-	-	-	-	920,904
Earnings on investments	984,415	-	-	-	-	984,415
Revenue in lieu of taxes	67,385	-	-	-	-	67,385
Other local revenues	826,607	5,799	-	-	-	832,406
Student Activity revenue	-	-	-	-	1,769,673	1,769,673
State sources						
SEEK	39,691,869	-	6,807,654	-	759,613	47,259,136
Other	24,806,672	4,840,472	-	-	696,803	30,343,947
Federal - direct	7,041	-	-	-	-	7,041
Federal - indirect	426,711	15,623,649	-	-	-	16,050,360
<b>Total revenues</b>	<b>85,250,943</b>	<b>20,469,920</b>	<b>13,798,368</b>	<b>-</b>	<b>3,226,089</b>	<b>122,745,320</b>
<b>Expenditures</b>						
Instruction	50,016,076	15,722,024	-	-	-	65,738,100
Support services						
Student	7,872,287	78,903	-	-	-	7,951,190
Instruction staff	3,872,360	373,160	-	-	-	4,245,520
District administration	1,264,470	-	-	-	-	1,264,470
School administration	5,040,701	94,517	-	-	-	5,135,218
Business	1,548,827	76,021	-	-	-	1,624,848
Plant operation and maintenance	11,950,362	475,880	-	-	-	12,426,242
Student transportation	5,884,313	-	-	-	-	5,884,313
Student activity expenditures	-	-	-	-	1,805,855	1,805,855
Site improvement	-	-	-	10,652,489	-	10,652,489
Non-instructional	111,856	-	-	-	-	111,856
Community service activities	4,186	1,052,496	-	-	-	1,056,682
Debt service	-	-	-	-	9,541,652	9,541,652
<b>Total expenditures</b>	<b>87,565,438</b>	<b>17,873,001</b>	<b>-</b>	<b>10,652,489</b>	<b>11,347,507</b>	<b>127,438,435</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(2,314,495)</b>	<b>2,596,919</b>	<b>13,798,368</b>	<b>(10,652,489)</b>	<b>(8,121,418)</b>	<b>(4,693,115)</b>
<b>Other Financing Sources (Uses)</b>						
Net proceeds from disposal of assets	119,745	-	-	-	-	119,745
Bond principal proceeds	-	-	-	6,545,000	-	6,545,000
Operating transfers in	1,481,643	153,219	-	8,332,518	8,844,849	18,812,229
Operating transfers out	(153,219)	(2,750,138)	(14,844,161)	-	(759,613)	(18,507,131)
<b>Total other financing sources (uses)</b>	<b>1,448,169</b>	<b>(2,596,919)</b>	<b>(14,844,161)</b>	<b>14,877,518</b>	<b>8,085,236</b>	<b>6,969,843</b>
<b>Net change in fund balances</b>	<b>(866,326)</b>	<b>-</b>	<b>(1,045,793)</b>	<b>4,225,029</b>	<b>(36,182)</b>	<b>2,276,728</b>
<b>Fund balance, July 1, 2024</b>	<b>6,421,330</b>	<b>-</b>	<b>1,045,793</b>	<b>7,602,108</b>	<b>898,145</b>	<b>15,967,376</b>
<b>Fund balance, June 30, 2025</b>	<b>\$ 5,555,004</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,827,137</b>	<b>\$ 861,963</b>	<b>\$ 18,244,104</b>

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

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Net change in total fund balances per fund financial statements	\$ 2,276,728
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation for the year.	6,674,780
Amortization of deferred outflows created by refunding bonds are recognized as expense in the statement of activities but is not recognized in the fund financial statements	(205,730)
Amortization of bond premiums are recognized as revenue in the statement of activities but are not recognized in the fund financial statements	238,295
Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the Statement of Net Position.	7,263,100
Bond proceeds are recognized as revenue of current resources but are increases of liabilities in the Statement of Net Position.	(6,545,000)
Long term compensated absences is an increase of expense in the statement of activities but is not considered in the fund financial statements	(1,926,744)
Pension and OPEB expense is recognized in the statement of activities but not recognized in the fund financial statements	<u>1,574,675</u>
Change in net position of governmental activities	<u>\$ 9,350,104</u>

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

<b>ASSETS</b>	Food Service Fund	Day Care Fund	Other Funds	Total
<b>Current Assets</b>				
Cash and cash equivalents	\$ 5,136,157	\$ 198,280	\$ 186,045	\$ 5,520,482
Accounts receivable	22,706	-	3,300	26,006
Net OPEB asset	118,837	-	-	118,837
Inventory	156,266	-	-	156,266
<b>Total current assets</b>	<u>5,433,966</u>	<u>198,280</u>	<u>189,345</u>	<u>5,821,591</u>
<b>Noncurrent Assets</b>				
Capital assets	11,431,646	-	-	11,431,646
Less: Accumulated depreciation	<u>(6,012,596)</u>	<u>-</u>	<u>-</u>	<u>(6,012,596)</u>
<b>Total noncurrent assets</b>	<u>5,419,050</u>	<u>-</u>	<u>-</u>	<u>5,419,050</u>
<b>Total assets</b>	<u>10,853,016</u>	<u>198,280</u>	<u>189,345</u>	<u>11,240,641</u>
<b>Deferred outflow of resources</b>				
Deferred outflows OPEB	398,617	-	-	398,617
Deferred outflows - pension	1,237,521	-	-	1,237,521
<b>Total deferred outflows of resources</b>	<u>1,636,138</u>	<u>-</u>	<u>-</u>	<u>1,636,138</u>
<b>Total assets and deferred outflows</b>	<u>\$ 12,489,154</u>	<u>\$ 198,280</u>	<u>\$ 189,345</u>	<u>\$ 12,876,779</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 8,851	\$ -	\$ -	\$ 8,851
<b>Total current liabilities</b>	<u>8,851</u>	<u>-</u>	<u>-</u>	<u>8,851</u>
<b>Non-Current Liabilities</b>				
Net OPEB liability	-	-	-	-
Net pension liability	4,104,822	-	-	4,104,822
<b>Total non-current liabilities</b>	<u>4,104,822</u>	<u>-</u>	<u>-</u>	<u>4,104,822</u>
<b>Deferred inflow of resources</b>				
Deferred inflows - OPEB	1,255,978	-	-	1,255,978
Deferred inflows - pension	731,285	-	-	731,285
<b>Total deferred inflows of resources</b>	<u>1,987,263</u>	<u>-</u>	<u>-</u>	<u>1,987,263</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,419,050	-	-	5,419,050
Restricted for:				
Other	969,168	198,280	189,345	1,356,793
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total net position</b>	<u>6,388,218</u>	<u>198,280</u>	<u>189,345</u>	<u>6,775,843</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 12,489,154</u>	<u>\$ 198,280</u>	<u>\$ 189,345</u>	<u>\$ 12,876,779</u>

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

	Food Service Fund	Day Care Operations	Other Funds	Total
<b>Operating Revenues</b>				
Food service sales	\$ 135,815	\$ -	\$ 4,379	\$ 140,194
Community service activities	-	1,608	64,795	66,403
Other operating revenues	25,233	-	20,650	45,883
<b>Total operating revenues</b>	<u>161,048</u>	<u>1,608</u>	<u>89,824</u>	<u>252,480</u>
<b>Operating Expenses</b>				
Salaries and wages	1,635,282	232	-	1,635,514
Employee benefits	165,892	6	-	165,898
On-behalf	381,414	-	-	381,414
Supplies and materials	4,502,321	9,426	62,388	4,574,135
Depreciation	266,493	-	-	266,493
<b>Total operating expenses</b>	<u>6,951,402</u>	<u>9,664</u>	<u>62,388</u>	<u>7,023,454</u>
<b>Operating income (loss)</b>	<u>(6,790,354)</u>	<u>(8,056)</u>	<u>27,436</u>	<u>(6,770,974)</u>
<b>Nonoperating revenues (expenses)</b>				
Federal grants	6,070,990	-	-	6,070,990
State grants	404,120	-	-	404,120
Donated commodities	293,810	-	-	293,810
Operating transfers in (out)	(305,098)	-	-	(305,098)
<b>Total nonoperating revenues (expenses)</b>	<u>6,463,822</u>	<u>-</u>	<u>-</u>	<u>6,463,822</u>
<b>Gain/(loss) on disposal of assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Income</b>	<u>(326,532)</u>	<u>(8,056)</u>	<u>27,436</u>	<u>(307,152)</u>
<b>Total net position, July 1, 2024</b>	<u>6,714,750</u>	<u>206,336</u>	<u>161,909</u>	<u>7,082,995</u>
<b>Total net position, June 30, 2025</b>	<u>\$ 6,388,218</u>	<u>\$ 198,280</u>	<u>\$ 189,345</u>	<u>\$ 6,775,843</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2025

	Food Service Fund	Day Care Operations	Other Funds	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from lunchroom sales	\$ 248,449	\$ -	\$ 4,379	\$ 252,828
Cash received from user charges	-	1,608	64,795	66,403
Cash received from other activities	-	-	17,350	17,350
Cash payments to employees for services	(2,461,551)	(12,482)	-	(2,474,033)
Cash payments to suppliers for goods and services	(4,292,417)	(9,426)	(62,544)	(4,364,387)
<b>Net cash from operating activities</b>	<b>(6,505,519)</b>	<b>(20,300)</b>	<b>23,980</b>	<b>(6,501,839)</b>
<b>Cash Flows from Capital Financing Activities</b>				
Acquisition of capital assets	(221,743)	-	-	(221,743)
<b>Net cash from capital financing activities</b>	<b>(221,743)</b>	<b>-</b>	<b>-</b>	<b>(221,743)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Nonoperating grants received	6,475,110	-	-	6,475,110
<b>Net cash from noncapital financing activities</b>	<b>6,475,110</b>	<b>-</b>	<b>-</b>	<b>6,475,110</b>
<b>Cash Flows from Investing Activities</b>				
Operating transfers in	(305,098)	-	-	(305,098)
<b>Net cash flows from investing activities</b>	<b>(305,098)</b>	<b>-</b>	<b>-</b>	<b>(305,098)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(557,250)</b>	<b>(20,300)</b>	<b>23,980</b>	<b>(553,570)</b>
<b>Cash and cash equivalents - beginning</b>	<b>5,693,407</b>	<b>218,580</b>	<b>162,065</b>	<b>6,074,052</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 5,136,157</b>	<b>\$ 198,280</b>	<b>\$ 186,045</b>	<b>\$ 5,520,482</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (6,790,354)	\$ (8,056)	\$ 27,436	\$ (6,770,974)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	266,493	-	-	266,493
Donated Commodities	293,810	-	-	293,810
Changes in assets and liabilities:				
Accounts receivable	87,401	-	(3,300)	84,101
Accounts payable	(22,421)	(12,244)	(157)	(34,822)
Pension assets and liabilities	(278,963)	-	-	(278,963)
Inventory	(61,485)	-	-	(61,485)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (6,505,519)</b>	<b>\$ (20,300)</b>	<b>\$ 23,980</b>	<b>\$ (6,501,839)</b>
<b>Non-Cash Non-Capital Financing Activities</b>				
Depreciation	\$ 266,493	\$ -	\$ -	\$ 266,493
Donated commodities received from federal government	\$ 293,810	\$ -	\$ -	\$ 293,810

## 1. REPORTING ENTITY

The Laurel 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 Laurel County School District ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Laurel County Board of Education. The basic 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. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

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

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

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

**Government-wide Financial Statements** - The statement of net position and the statement of revenues, expenses, and changes in net position display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include 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. 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

### I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

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

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

### I. Government Fund Types – continued

The Student Activity Fund is a special revenue fund that accounts for school activity fund revenues and expenditures.

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). The Capital Project Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This fund is a major fund of the District.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The district has decided to treat this as a major fund of the District.

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

### II. Proprietary Fund Types (Enterprise Fund)

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

The Day Care Fund is used to account for the funds raised at schools providing after-school care for children.

Other Funds is used to account for funds raised by District vending, community donations and various other small projects within the District.

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

### Basis of Accounting

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

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-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.

Non-exchange 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 resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Unearned Revenue/Advances from Grantors - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the district-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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 taxes are levied by September 30 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.

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were \$.449 per \$100 valuation for real property, \$.465 per \$100 valuation for business personal property and \$.463 per \$100 valuation for motor vehicles.

**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

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.

Prepaid Assets

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

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 activity's column of the district-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 district-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 \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

Interfund Receivables and Payables

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

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

### Compensated Absences

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 vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the district-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

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

### Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In the governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### Budgetary Process

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 on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

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

### Cash and Cash Equivalents

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

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

### Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

### Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used. The School Food Service Fund inventory consists of food, supplies and U.S. Government commodities. The Food Service Fund inventory is stated at cost and uses the specific identification method; and the General Fund inventory is stated at cost and uses the first-in, first-out method.

### Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, 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. 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.

### Fund Balance Reserves

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

**Nonspendable** fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or inventory already on hand.

**Restricted** fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Committed** fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

**Assigned** fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which results in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

**Unassigned** fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

This District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

### Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2025, in the governmental funds balance sheet.

### Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when limitations are imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

### Operating and Non-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.

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

### Contributions of Capital

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

### Interfund Activity

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

### 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, designated fund balances, and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes. Net position is significantly affected by the adjustment for deferred inflows and outflows.

Leases

GASB Statement No. 87, Leases was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources.

Pensions and Other Post-employment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other post-employment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position has been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Other Post-employment Benefits (OPEB)

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

**3. DEPOSITS AND INVESTMENTS**

Deposits

The District's deposits (demand deposit accounts) are carried at cost, which approximates fair value. At June 30, 2025, the book balance of the District's bank deposits and the bank balances were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Cumberland Valley National Bank & Trust	\$ 16,480,193	\$ 16,983,205
Less: Checks Written in Excess of Bank	-	(1,972,216)
Commercial Bank	<u>2,541,221</u>	<u>2,785,015</u>
	<u>\$ 19,021,414</u>	<u>\$ 17,796,004</u>

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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**3. DEPOSITS AND INVESTMENTS - CONTINUED**

Breakdown per financial statements is as follows:

Governmental funds	\$	12,275,522
Proprietary funds		<u>5,520,482</u>
	\$	<u>17,796,004</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

Due to the nature of the accounts and limitations imposed for the purposes of various funds, all cash balances are considered to be restricted except for the General Fund.

Investments

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2025, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

**5. CAPITAL ASSETS**

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

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

**5. CAPITAL ASSETS – CONTINUED**

	June 30, 2024			June 30, 2025
	Balance	Additions	Retirements	Balance
<b>Governmental Activities</b>				
Land	\$ 4,392,866	\$ -	\$ -	\$ 4,392,866
Land Improvements	1,700,949	-	-	1,700,949
Buildings	206,327,644	460,894	98,752	206,689,786
Technology	184,421	-	147,135	37,286
Vehicles	12,552,526	769,127	304,977	13,016,676
General Equipment	1,009,928	104,298	22,201	1,092,025
Construction Work in Progress	21,110,880	10,463,542	-	31,574,422
Total historical cost	247,279,214	11,797,861	573,065	258,504,010
Less accumulated depreciation	85,015,919	5,028,365	478,347	89,565,937
Governmental capital assets, net	<u>\$ 162,263,295</u>	<u>\$ 6,769,496</u>	<u>\$ 94,718</u>	<u>\$ 168,938,073</u>
<b>Business-type Activities</b>				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
General Equipment	685,047	221,743	26,403	880,387
Total historical cost	11,236,306	221,743	26,403	11,431,646
Less accumulated depreciation	5,772,506	266,493	26,403	6,012,596
Business-type capital assets, net	<u>\$ 5,463,800</u>	<u>\$ (44,750)</u>	<u>\$ -</u>	<u>\$ 5,419,050</u>

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$ 3,519,117
District administrative	12,977
Plant operation and maintenance	1,151,301
Student transportation	344,970
	<u>\$ 5,028,365</u>

**6. LONG-TERM OBLIGATIONS**

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

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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**6. LONG-TERM OBLIGATIONS – CONTINUED**

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Final Maturity</u>
2012	\$ 8,900,000	1.00% - 3.00%	2033
2014	\$ 9,825,000	2.00 - 3.50%	2030
2014	\$ 17,700,000	2.00% - 4.00%	2034
2015	\$ 15,465,000	4.00%	2027
2015	\$ 12,870,000	3.00% - 4.00%	2027
2015	\$ 14,260,000	3.28%	2036
2016	\$ 7,340,000	2.00%-2.50%	2031
2017	\$ 6,825,000	2.00%-3.25%	2038
2019	\$ 6,740,000	3.00%	2039
2021	\$ 7,320,000	2.00%	2042
2025	\$ 6,545,000	3.375%	2040

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

In 1987, the District entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2025 for debt service (principal and interest) are as follows:

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

**6. LONG-TERM OBLIGATIONS – CONTINUED**

Year	Laurel County School District		Kentucky School Facility Construction Commission		Total Principal	Total Principal & Interest
	Principal	Interest	Principal	Interest		
2025-26	\$ 7,004,232	\$ 2,077,717	\$ 565,768	\$ 132,141	\$ 7,570,000	\$ 17,349,858
2026-27	7,260,855	1,819,199	549,145	118,005	7,810,000	17,557,204
2027-28	5,962,775	1,575,983	482,225	105,306	6,445,000	14,571,289
2028-29	6,136,076	1,402,122	493,924	93,641	6,630,000	14,755,763
2029-30	6,318,748	1,218,912	506,252	81,483	6,825,000	14,950,395
2030-31	5,677,565	1,041,004	482,435	68,950	6,160,000	13,429,954
2031-32	4,983,524	878,480	341,476	57,706	5,325,000	11,586,186
2032-33	5,147,839	715,727	337,161	47,865	5,485,000	11,733,592
2033-34	4,534,498	553,316	255,502	39,155	4,790,000	10,172,471
2034-35	3,026,807	393,827	263,193	31,522	3,290,000	7,005,349
2035-36	3,125,401	297,569	259,599	23,858	3,385,000	7,091,427
2036-37	2,101,070	216,882	218,930	16,687	2,320,000	4,873,569
2037-38	2,167,999	152,883	202,001	10,144	2,370,000	4,903,027
2038-39	1,765,892	93,992	89,108	4,165	1,855,000	3,808,157
2039-40	1,310,910	39,458	39,090	1,867	1,350,000	2,741,325
2040-41	480,120	14,723	39,880	1,077	520,000	1,055,800
2041-42	496,089	4,961	33,911	339	530,000	1,065,300
	<u>\$ 67,500,400</u>	<u>\$ 12,496,755</u>	<u>\$ 5,159,600</u>	<u>\$ 833,911</u>	<u>\$ 72,660,000</u>	<u>\$ 158,650,666</u>

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Bonded debt obligations	\$ 73,320,000	\$ 6,545,000	\$ 7,205,000	\$ 72,660,000
Bond premiums	871,299	-	238,296	633,003
Net pension obligation (asset)	24,384,372	298,869	-	24,683,241
Net OPEB liability (asset) - CERS	(524,666)	(189,929)	-	(714,595)
Net OPEB liability (asset) - KTRS	14,830,000	-	2,177,000	12,653,000
Compensated absences	17,460,947	1,926,745	-	19,387,692
	<u>\$ 130,341,952</u>	<u>\$ 8,580,685</u>	<u>\$ 9,620,296</u>	<u>\$ 129,302,341</u>

The change in compensated absences is presented as a net change.

**7. RETIREMENT PLANS**

The District’s employees are provided with two pension plans, based on each position’s college degree requirement as described below. The two pension plans are the County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System.

**General information about the County Employees Retirement System Non-Hazardous (“CERS”)**

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

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

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

Participating employees become eligible to receive health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

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

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

*Funding Policy* – Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 19.71% of the employee’s total compensation subject to contribution. Pension has a contribution rate of 19.71% and OPEB has a contribution rate of 0.00%.

**7. RETIREMENT PLANS – CONTINUED**

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

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

*Benefits provided*—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
TRS 3	Participation Date	July 1, 2008 – December 31, 2022
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used

**8. RETIREMENT PLANS – CONTINUED**

TRS 4 Participation Date	On or after January 1, 2022 - Present
Unreduced retirement	Age 57 with 30 years' service or at least 10 years' service and 60 years old or at least 5 years' service and 65 years old
Reduced retirement	At least 10 years' service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

*Contributions*—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees in TRS 1, TRS 2, and TRS 3 are required to contribute 12.855% of their salaries to the System. Non-university employees in TRS 4 are required to contribute 14.750% of their salaries to the system.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 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 employees 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, 2025, the District reported a liability (asset) for its proportionate share of the net pension liability (asset) for CERS in the amount of \$24,683,241. The District did not report a liability (asset) for the District's proportionate share of the net pension liability (asset) for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability (asset), the related Commonwealth support, and the total portion of the net pension liability (asset) that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability (asset)	\$	24,683,241
Commonwealth's proportionate share of the KTRS net pension liability (asset) associated with the District		<u>182,709,965</u>
	\$	<u><u>207,393,206</u></u>

The net pension liability (asset) for each plan was measured as of June 30, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability (asset) for CERS was based on the actual liability (asset) of the employees and former employees relative to the total liability (asset) of the System as determined by the actuary. At June 30, 2024, the District's proportion was 0.412734%.

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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**7. RETIREMENT PLANS – CONTINUED**

For the year ended June 30, 2025, the District recognized pension expense (credit) of \$186,033 related to CERS and \$11,875,545 related to KTRS. The District also recognized revenue of \$11,875,545 for KTRS support provided by the Commonwealth.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,194,714	\$ -
Changes of assumptions	-	1,115,198
Net difference between projected and actual earnings on pension plan investments	1,695,184	3,282,184
Changes in proportion and differences between District contributions and proportionate share of contributions	1,856,860	-
District contributions subsequent to the measurement date	<u>2,694,738</u>	<u>-</u>
Total	<u>\$ 7,441,496</u>	<u>\$ 4,397,382</u>

Reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended June 30:</u>	
2025	\$ 357,920
2026	955,198
2027	(610,061)
2028	<u>(353,681)</u>
	<u>\$ 349,376</u>

*Actuarial assumptions*—The total pension liability (asset) in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

**7. RETIREMENT PLANS – CONTINUED**

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.50%	2.50%
Projected salary increases	3.30-10.30%	3.00-7.50%
Investment rate of return, net of investment expense & inflation	6.50%	7.10%
Municipal bond index rate		3.94%
Single equalivant interest rate		7.10%

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

*Discount rate*—For CERS, the discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability (asset)	\$ 31,820,732	\$ 24,683,241	\$ 18,761,006
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability (asset)	\$ -	\$ -	\$ -

## 7. RETIREMENT PLANS - CONTINUED

*Pension plan fiduciary net position*—Detailed information about the pension plans' fiduciary net position, is available in the separately issued financial reports of both CERS and KTRS.

The District's contribution to KTRS for the years ended June 30, 2025, 2024 and 2023 was \$1,984,946, and \$2,043,607 and \$1,890,174, respectively. The District's contribution (match only) for CERS for the years ended June 30, 2025, 2024 and 2023 was \$2,694,738, \$3,212,841, and \$3,124,864, respectively. The District met their contribution requirements.

## 8. OTHER POST-EMPLOYMENT BENEFITS PLAN

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

*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 1983 General Assembly and is governed by the 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 pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

*Funding Policy* – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008, is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

### OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2025, the District reported a liability (asset) of \$12,653,000 for its proportionate share of the collective net OPEB liability (asset) that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net OPEB liability (asset) 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, 2024, the District's proportion was 0.567640%.

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

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

District's proportionate share of the KTRS net OPEB liability (asset)	\$ 12,653,000
Commonwealth's proportionate share of the KTRS net OPEB liability (asset) associated with the District	<u>11,272,000</u>
	<u>\$ 23,925,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense (credit) of \$1,050,087 and revenue of \$1,050,087 for support provided by the state. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows on resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,800,000
Changes of assumptions	3,222,000	-
Net difference between projected and actual earning on plan investments	-	406,000
Changes in proportion and differences between contributions and proportionate share of contributions	3,860,000	5,348,000
District contribution subsequent to the measurement date	-	-
Total	<u>\$ 7,082,000</u>	<u>\$ 9,554,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense (credit) as follows:

For the Year Ended June 30:

2026	\$ (931,000)
2027	(21,000)
2028	(102,000)
2029	(671,000)
2030	(655,000)
2031	<u>(92,000)</u>
	<u>\$ (2,472,000)</u>

*Actuarial assumptions* - The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

Investment rate of return	7.10%, net of OPEB plan investment expense including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% FY 2031
Ages 65 and Older	6.50% for FY 2023 decreasing to an ultimate rate of 4.50% FY 2031
Medicare Part B	5.92% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.94%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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

*Discount rate* -The discount rates used to measure the total OPEB liability (asset) 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 (asset).

The following table presents the District's proportionate share of the collective net OPEB liability (asset) of the System, calculated using the discount rate of 7.10% as well as what the District's proportionate share of the collective net OPEB liability (asset) 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	Current discount rate	1% increase
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
District's proportionate share of net OPEB liability (asset)	\$ 16,809,000	\$ 12,653,000	\$ 9,208,000

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

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

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
KTRS			
District's proportionate share of net OPEB liability (asset)	\$ 8,547,000	\$ 12,653,000	\$ 17,754,000

*OPEB plans' fiduciary net position* - Detailed information about the OPEB plans' fiduciary net position is available in the separately issued TRS financial report.

**Life Insurance Plan**

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

*Benefits provided*- TRS provides a life insurance benefit of 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 (assets), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2025, the District did not report a liability for a proportionate share of the collective net OPEB liability (asset) 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 (asset) that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan Liability (asset)	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance Liability (asset) associated with the District	<u>257,000</u>
Total	<u>\$ 257,000</u>

*Actuarial assumptions* – The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal bond index rate	3.94%
Discount Rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

*Benefits Provided-* CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

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

Tier 1	Participation date	Before September 1, 2008
	Contribution Percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution Percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution Percentage	1%

**OPEB Liabilities (Assets), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2025, the District reported a liability (asset) of (\$714,595) for its proportionate share of the collective net OPEB liability (asset) that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net OPEB liability (asset) was based on 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, 2024, the District's proportion was 0.413108%.

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

District's proportionate share of the CERS net pension net OPEB liability (asset)	\$ (714,595)
<b>Total</b>	<b>\$ (714,595)</b>

For the year ended June 30, 2024, the District recognized OPEB expense (credit) of (\$1,863,499). At June 30, 2025, 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	\$ 396,449	\$ 5,622,454
Changes of assumptions	647,509	504,222
Net difference between projected and actual earning on plan investments	628,147	1,280,257
Changes in proportion and differences between contributions and proportionate share of contributions	724,865	145,558
District contribution subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 2,396,970</b>	<b>\$ 7,552,491</b>

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

Of the total amount reported as deferred outflows of resources related to the OPEB, \$0 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

For the Year Ended June 30:

2025	\$	(2,208,188)
2026		(1,588,699)
2027		(1,361,932)
2028		<u>3,298</u>
	\$	<u>(5,155,521)</u>

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

Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.30-10.30%, including inflation
Inflation rate	2.30%
Healthcare cost trend rates	
Pre 65	6.20% for FY 2024 with an ultimate rate of 4.05% by 2035
Post 65	9.00% for FY 2024 with an ultimate rate of 4.05% by 2035
Payroll growth rate	2.00%
Municipal bond index rate	3.97%
Discount Rate	5.99%

*Discount rate* -The discount rate used to measure the total OPEB liability (asset) was 5.99%. 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 (asset).

The following table presents the District's proportionate share of the collective net OPEB liability (asset), calculated using the discount rate of 5.99%. as well as what the District's proportionate share of the collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage-point higher (6.99%) than the current rate.

	1% decrease	Current discount rate	1% increase
CERS	<u>4.99%</u>	<u>5.99%</u>	<u>6.99%</u>
District's proportionate share of net OPEB liability (asset)	\$ 966,213	\$ (714,595)	\$ (2,127,821)

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates-* The following presents the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% decrease</u>	<u>Current Trend Rate</u>	<u>1% increase</u>
CERS			
District's proportionate share of net OPEB liability (asset)	\$ (1,719,229)	\$ (714,595)	\$ 455,732

*OPEB Plan Fiduciary Net Position-* Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

**9. DEFERRED COMPENSATION**

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

**10. OPERATING LEASES**

The District has no operating leases requiring disclosure as right-of-use assets as defined by FASB Accounting Standards Codification Topic 842, Leases. The District leases office copiers on an annual renewal basis under operating leases. For the year ended June 30, 2025, aggregate cost for equipment and copier rentals was approximately \$270,000.

**11. CONTINGENCIES**

The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2025, may be impaired. 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.

**12. LITIGATION**

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

**13. RISK MANAGEMENT**

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Contributions for worker's compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

**14. DEFICIT FUND BALANCES**

The District did not have any funds with deficit balances, but it did have funds with current year operating deficits.

**15. 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). There were no instances of noncompliance noted.

**16. TRANSFER OF FUNDS**

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	KETS Grant	\$ 153,219
Operating	Special	Construction	Construction	\$ 2,750,138
Operating	Building	Debt Service	Debt Service	\$ 8,844,849
Operating	Building	General	COFT	\$ 416,932
Operating	Capital Outlay	General	COFT	\$ 759,613
Operating	Building	Construction	Construction	\$ 5,582,380
Operating	Food Service	General	Indirect Costs	\$ 305,098

**17. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2025, there were interfund receivables of \$5,794,985 in the General Fund and interfund payables of the same amount in the Special Revenue Fund in order to zero the cash balance in the Special Revenue Fund.

**18. ON-BEHALF PAYMENTS**

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These amounts are included in the fund financial statements.

For the year ended June 30, 2025, total payments of \$25,541,874 were made for life insurance, health insurance, KTRS matching and administrative fees, technology and debt service by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of revenues, expenses and changes in fund balances. The benefit allocation per category was as follows:

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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**18. ON-BEHALF PAYMENTS - CONTINUED**

Kentucky Teacher's Retirement System	\$ 12,957,065
Health and Life Insurance	11,952,187
Other Less Federal	(168,694)
Technology	104,513
Debt Service	<u>696,803</u>
<b>Total</b>	<b><u>\$ 25,541,874</u></b>

**19. FUND BALANCE DESIGNATIONS**

The following funds had non-spendable fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 1,808,956	Supplies inventory

The following funds had restricted fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Construction	\$ 11,827,137	Future Construction
Student Activity	\$ 861,963	Student Activities

The following funds had committed fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 1,000,000	Center for Innovation Operation

The following funds had assigned fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 550,520	Purchase obligations

**20. CHANGE IN ACCOUNTING PRINCIPLE**

The District has adopted GASB Statement No. 101, Compensated Absences, effective July 1, 2024. Statement 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments.

**21. PRIOR PERIOD ADJUSTMENT**

The adoption of GASB Statement No. 101 has resulted in a prior period adjustment to the beginning net position for government-wide activities. The beginning net position for government wide activities were decreased by \$16,479,854.

**22. SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through December 12, 2025, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	
	Original	Final	General Fund	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
From local sources				
Property taxes	\$ 9,011,200	\$ 9,011,200	\$ 9,848,466	\$ 837,266
Motor vehicle taxes	2,900,000	2,900,000	3,398,975	498,975
Utility taxes	4,000,000	4,000,000	4,271,898	271,898
Franchise fees	800,000	800,000	920,904	120,904
Earnings on investments	1,000,000	1,000,000	984,415	(15,585)
Revenue in lieu of taxes	71,500	71,500	67,385	(4,115)
Other local revenues	211,997	211,997	826,607	614,610
State sources				
SEEK	39,684,381	39,684,381	39,691,869	7,488
Other	20,750,421	20,750,421	24,806,672	4,056,251
Federal - direct	55,000	55,000	7,041	(47,959)
Federal - indirect	250,000	250,000	426,711	176,711
<b>Total revenues</b>	<b>78,734,499</b>	<b>78,734,499</b>	<b>85,250,943</b>	<b>6,516,444</b>
<b>Expenditures</b>				
Instruction	48,928,465	48,928,465	50,016,076	(1,087,611)
Support services				
Student	7,865,923	7,865,923	7,872,287	(6,364)
Instruction staff	3,702,996	3,702,996	3,872,360	(169,364)
District administration	1,403,756	1,403,756	1,264,470	139,286
School administration	4,567,567	4,567,567	5,040,701	(473,134)
Business	2,219,243	2,219,243	1,548,827	670,416
Plant operations and maintenance	11,305,182	11,305,182	11,950,362	(645,180)
Student transportation	5,348,592	5,348,592	5,884,313	(535,721)
Non-instructional	277,570	277,570	111,856	165,714
Community service activities	5,200	5,200	4,186	1,014
Contingency	3,622,255	3,622,255	-	3,622,255
<b>Total expenditures</b>	<b>89,246,749</b>	<b>89,246,749</b>	<b>87,565,438</b>	<b>1,681,311</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(10,512,250)</b>	<b>(10,512,250)</b>	<b>(2,314,495)</b>	<b>8,197,755</b>
<b>Other Financing Sources (Uses)</b>				
Net proceeds from sale of fixed assets	30,000	30,000	119,745	89,745
Operating transfers in	-	-	1,481,643	1,481,643
Operating transfers out	(173,000)	(173,000)	(153,219)	19,781
<b>Total other financing sources (uses)</b>	<b>(143,000)</b>	<b>(143,000)</b>	<b>1,448,169</b>	<b>1,591,169</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(10,655,250)</b>	<b>(10,655,250)</b>	<b>(866,326)</b>	<b>9,788,924</b>
<b>Fund balance, July 1, 2024</b>	<b>4,317,750</b>	<b>4,317,750</b>	<b>6,421,330</b>	<b>2,103,580</b>
<b>Fund balance, June 30, 2025</b>	<b>\$ (6,337,500)</b>	<b>\$ (6,337,500)</b>	<b>\$ 5,555,004</b>	<b>\$ 11,892,504</b>

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Special Revenue Fund	Budget Favorable (Unfavorable)
<b>Revenues</b>				
From local sources				
Other local revenues	\$ -	\$ -	\$ 5,799	\$ 5,799
State sources	4,631,790	4,631,790	4,840,472	208,682
Federal - indirect	7,962,993	7,962,993	15,623,649	7,660,656
<b>Total revenues</b>	<b>12,594,783</b>	<b>12,594,783</b>	<b>20,469,920</b>	<b>7,875,137</b>
<b>Expenditures</b>				
Instruction	10,556,240	10,556,240	15,722,024	(5,165,784)
Support services				
Student	96,627	96,627	78,903	17,724
Instruction staff	401,326	401,326	373,160	28,166
School administration	100,000	100,000	94,517	5,483
Business	-	-	76,021	(76,021)
Plant operation and maintenance	643,180	643,180	475,880	167,300
Community service activities	970,410	970,410	1,052,496	(82,086)
<b>Total expenditures</b>	<b>12,767,783</b>	<b>12,767,783</b>	<b>17,873,001</b>	<b>(5,105,218)</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(173,000)</b>	<b>(173,000)</b>	<b>2,596,919</b>	<b>2,769,919</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	173,000	173,000	153,219	(19,781)
Operating transfers out	-	-	(2,750,138)	(2,750,138)
<b>Total other financing sources (uses)</b>	<b>173,000</b>	<b>173,000</b>	<b>(2,596,919)</b>	<b>(2,769,919)</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, July 1, 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, June 30, 2025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**LAUREL COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND**

**YEAR ENDED JUNE 30, 2025**

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The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to each school Site Based Decision Making Council by March 1 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a minimum 2% reserve. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year.

LAUREL COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
JUNE 30, 2025

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.41%	\$ 24,683,241	\$ 13,614,937	181.30%	61.61%
2024	0.35%	\$ 24,384,272	\$ 13,737,748	177.50%	57.48%
2023	0.35%	\$ 25,472,441	\$ 11,664,280	218.38%	52.42%
2022	0.36%	\$ 22,859,100	\$ 9,816,499	232.86%	57.33%
2021	0.38%	\$ 28,953,170	\$ 9,212,261	314.29%	47.81%
2020	0.39%	\$ 27,456,162	\$ 9,728,211	282.23%	50.45%
2019	0.40%	\$ 24,929,262	\$ 9,919,217	251.32%	53.54%
2018	0.42%	\$ 24,627,030	\$ 10,204,931	241.32%	55.30%
2017	0.41%	\$ 20,419,452	\$ 9,806,437	208.22%	55.50%
2016	0.40%	\$ 17,191,718	\$ 9,927,552	173.17%	59.97%
2015	0.39%	\$ 12,704,000	\$ 9,073,895	140.01%	66.80%

LAUREL COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 2,683,504	\$ 2,683,504	\$ -	\$ 13,614,937	19.71%
2024	\$ 3,206,390	\$ 3,206,390	\$ -	\$ 13,737,748	23.34%
2023	\$ 2,729,442	\$ 2,729,442	\$ -	\$ 11,664,280	23.40%
2022	\$ 2,078,153	\$ 2,078,153	\$ -	\$ 9,816,499	21.17%
2021	\$ 1,777,966	\$ 1,777,966	\$ -	\$ 9,212,261	19.30%
2020	\$ 1,877,545	\$ 1,877,545	\$ -	\$ 9,728,211	19.30%
2019	\$ 1,608,532	\$ 1,608,532	\$ -	\$ 9,919,217	16.22%
2018	\$ 1,477,674	\$ 1,477,674	\$ -	\$ 10,204,931	14.48%
2017	\$ 1,831,840	\$ 1,831,840	\$ -	\$ 9,806,437	18.68%
2016	\$ 1,691,071	\$ 1,691,071	\$ -	\$ 9,927,552	17.03%
2015	\$ 1,659,036	\$ 1,659,036	\$ -	\$ 9,389,507	17.67%

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND**  
**YEAR ENDED JUNE 30, 2025**

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Changes of Benefit Terms

None.

Changes of Assumptions

The assumed rate of inflation was decreased from 2.50% to 2.30%.

LAUREL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
 NET OPEB LIABILITY (ASSET)- MEDICAL INSURANCE PLAN - COUNTY EMPLOYEES RETIREMENT SYSTEM  
 JUNE 30, 2025

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.41%	\$ (714,595)	\$ 13,614,937	-5.25%	104.89%
2024	0.38%	\$ (524,666)	\$ 13,737,748	-3.82%	104.20%
2023	0.36%	\$ 6,952,808	\$ 11,664,280	59.61%	60.95%
2022	0.36%	\$ 6,862,288	\$ 9,816,499	69.91%	62.91%
2021	0.38%	\$ 9,112,724	\$ 9,212,261	98.92%	51.67%
2020	0.39%	\$ 6,564,670	\$ 9,728,211	67.48%	60.44%
2019	0.40%	\$ 7,267,271	\$ 9,919,217	73.26%	57.62%
2018	0.42%	\$ 8,458,253	\$ 10,204,931	82.88%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS - COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
 YEAR ENDED JUNE 30, 2025

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2025	\$ -	\$ -	\$ -	\$ 13,614,937	0.00%
2024	\$ -	\$ -	\$ -	\$ 13,737,748	0.00%
2023	\$ 395,419	\$ 395,419	\$ -	\$ 11,664,260	3.39%
2022	\$ 567,394	\$ 567,394	\$ -	\$ 9,816,499	5.78%
2021	\$ 438,503	\$ 438,503	\$ -	\$ 9,212,261	4.76%
2020	\$ 463,063	\$ 463,063	\$ -	\$ 9,726,211	4.76%
2019	\$ 521,633	\$ 521,633	\$ -	\$ 9,919,217	5.26%
2018	\$ 479,632	\$ 479,632	\$ -	\$ 10,204,931	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN**  
**YEAR ENDED JUNE 30, 2025**

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Changes of Benefit Terms

None.

Changes of Assumptions

The single discount rate changed from 5.93% to 5.99%.  
Healthcare trend rates for Pre-65 decreased from 6.80% to 6.20%.  
Healthcare trend rates for Post -65 increased from 8.50% to 9.00%.

LAUREL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
 KENTUCKY TEACHERS' RETIREMENT SYSTEM  
 JUNE 30, 2025

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	<u>State's proportion of net pension liability (asset)</u>	<u>State's proportionate share of the net pension liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2025	100%	\$ 182,709,965	60.36%
2024	100%	\$ 197,561,701	57.68%
2023	100%	\$ 192,154,854	56.41%
2022	100%	\$ 143,828,443	65.59%
2021	100%	\$ 154,783,789	58.27%
2020	100%	\$ 154,900,730	58.80%
2019	100%	\$ 151,289,917	59.30%
2018	100%	\$ 308,181,587	39.83%
2017	100%	\$ 341,911,266	35.22%
2016	100%	\$ 266,172,227	42.49%
2015	100%	\$ 237,453,532	45.59%

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF STATE CONTRIBUTIONS - KENTUCKY TEACHERS' RETIREMENT SYSTEM**  
**YEAR ENDED JUNE 30, 2025**

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	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2025	\$ 11,875,545	\$ 11,875,545	\$ -
2024	\$ 11,883,582	\$ 11,883,582	\$ -
2023	\$ 17,532,425	\$ 17,532,425	\$ -
2022	\$ 11,480,871	\$ 11,480,871	\$ -
2021	\$ 11,203,571	\$ 11,203,571	\$ -
2020	\$ 11,657,133	\$ 11,657,133	\$ -
2019	\$ 10,962,108	\$ 10,962,108	\$ -
2018	\$ 10,972,140	\$ 10,972,180	\$ -
2017	\$ 5,625,852	\$ 5,625,852	\$ -
2016	\$ 6,317,791	\$ 5,504,802	\$ -
2015	\$ 5,595,663	\$ 3,188,146	\$ -

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**KENTUCKY TEACHERS RETIREMENT SYSTEM**  
**YEAR ENDED JUNE 30, 2025**

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Changes of Benefit Terms

None.

Changes of Assumptions

The municipal bond index rate increased the 3.66% to 3.94%.

LAUREL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
 NET OPEB LIABILITY (ASSET)- KENTUCKY TEACHERS' RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
 JUNE 30, 2025

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2025	0.57%	\$ 12,653,000	\$ 11,272,000	\$ 44,208,791	28.62%	47.12%
2024	0.59%	\$ 14,830,000	\$ 12,499,000	\$ 44,627,756	33.23%	52.97%
2023	0.59%	\$ 20,330,000	\$ 6,679,000	\$ 42,019,038	48.38%	47.75%
2022	0.59%	\$ 12,651,000	\$ 10,274,000	\$ 40,633,738	31.13%	51.74%
2021	0.59%	\$ 14,799,000	\$ 11,854,000	\$ 38,353,885	38.59%	39.05%
2020	0.61%	\$ 17,748,000	\$ 14,333,000	\$ 38,332,248	46.30%	32.58%
2019	0.60%	\$ 20,740,000	\$ 17,874,000	\$ 38,048,286	54.51%	25.50%
2018	0.61%	\$ 21,580,000	\$ 17,627,000	\$ 38,037,880	56.73%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS - KENTUCKY TEACHERS' RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
 YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 1,326,264	\$ 1,326,264	\$ -	\$ 44,208,791	3.00%
2024	\$ 1,338,833	\$ 1,338,833	\$ -	\$ 44,627,756	3.00%
2023	\$ 1,260,571	\$ 1,260,571	\$ -	\$ 42,019,038	3.00%
2022	\$ 1,219,012	\$ 1,219,012	\$ -	\$ 40,633,738	3.00%
2021	\$ 1,150,617	\$ 1,150,617	\$ -	\$ 38,353,885	3.00%
2020	\$ 1,149,967	\$ 1,149,967	\$ -	\$ 38,332,248	3.00%
2019	\$ 1,141,449	\$ 1,141,449	\$ -	\$ 38,048,286	3.00%
2018	\$ 1,141,136	\$ 1,141,136	\$ -	\$ 38,037,880	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN**  
**YEAR ENDED JUNE 30, 2025**

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Changes of Benefit Terms

None

Changes of Assumptions

The municipal bond index rate increased from 3.66% to 3.94%.

Healthcare cost trends decreased from 6.75% to 6.50%.

Healthcare cost trends for Medicare Part B Premiums increased from 1.55% to 5.92%.

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE**  
**NET OPEB LIABILITY (ASSET) - KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN**  
**JUNE 30, 2025**

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	<u>State's proportion of net OPEB liability (asset)</u>	<u>State's proportionate share of the net OPEB liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total OBEP liability (asset)</u>
2025	100%	\$ 257,000	80.56%
2024	100%	\$ 309,000	76.91%
2023	100%	\$ 332,000	73.97%
2022	100%	\$ 137,000	89.15%
2021	100%	\$ 358,000	71.57%
2020	100%	\$ 333,000	73.40%
2019	100%	\$ 307,000	75.00%
2018	100%	\$ 236,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF STATE CONTRIBUTIONS - KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN**  
**YEAR ENDED JUNE 30, 2025**

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	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2025	\$ 14,549	\$ 14,549	\$ -
2024	\$ 30,765	\$ 30,765	\$ -
2023	\$ 25,354	\$ 25,354	\$ -
2022	\$ 20,931	\$ 20,931	\$ -
2021	\$ 17,260	\$ 17,260	\$ -
2020	\$ 14,079	\$ 14,079	\$ -
2019	\$ 10,648	\$ 10,648	\$ -
2018	\$ 10,369	\$ 10,369	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN  
YEAR ENDED JUNE 30, 2025

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Changes of Benefit Terms

None.

Changes of Assumptions

The municipal bond index rate increased 3.66% to 3.94%.

LAUREL COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2025

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	<u>Capital Outlay Fund</u>	<u>Student Activity Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 861,963	\$ -	\$ 861,963
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 861,963</u>	<u>\$ -</u>	<u>\$ 861,963</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - Restricted</b>				
Restricted	<u>-</u>	<u>861,963</u>	<u>-</u>	<u>861,963</u>
<b>Total fund balances</b>	<u>-</u>	<u>861,963</u>	<u>-</u>	<u>861,963</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 861,963</u>	<u>\$ -</u>	<u>\$ 861,963</u>

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

	Capital Outlay Fund	Student Activity Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
From local sources				
Property taxes	\$ -	\$ -	\$ -	\$ -
Student activity revenue	-	1,769,673	-	1,769,673
State sources				
SEEK	759,613	-	-	759,613
SFCC On-behalf	-	-	696,803	696,803
<b>Total revenues</b>	<u>759,613</u>	<u>1,769,673</u>	<u>696,803</u>	<u>3,226,089</u>
<b>Expenditure</b>				
Student activity expenditures	-	1,805,855	-	1,805,855
Debt service	-	-	9,541,652	9,541,652
<b>Total expenditures</b>	<u>-</u>	<u>1,805,855</u>	<u>9,541,652</u>	<u>11,347,507</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>759,613</u>	<u>(36,182)</u>	<u>(8,844,849)</u>	<u>(8,121,418)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	8,844,849	8,844,849
Operating transfers out	(759,613)	-	-	(759,613)
<b>Total other financing sources (uses)</b>	<u>(759,613)</u>	<u>-</u>	<u>8,844,849</u>	<u>8,085,236</u>
<b>Net change in fund balance</b>	-	(36,182)	-	(36,182)
<b>Fund balance July 1, 2024</b>	<u>-</u>	<u>898,145</u>	<u>-</u>	<u>898,145</u>
<b>Fund balance June 30, 2025</b>	<u>\$ -</u>	<u>\$ 861,963</u>	<u>\$ -</u>	<u>\$ 861,963</u>

**LAUREL COUNTY SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS**  
**YEAR ENDED JUNE 30, 2025**

School Activity Fund	Balances June 30, 2024	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Bush Elementary School	\$ 26,520	\$ 11,377	\$ 14,509	\$ 23,388	\$ -	\$ -	\$ 23,388
Camp Ground Elementary School	13,280	16,165	20,104	9,341	-	-	9,341
Cold Hill Elementary School	20,011	24,945	23,234	21,722	-	-	21,722
Colony Elementary School	8,672	49,378	30,321	27,729	-	-	27,729
Hazel Green Elementary School	6,292	35,570	31,313	10,549	-	-	10,549
Hunter Hills Elementary School	14,719	47,076	37,071	24,724	-	-	24,724
Johnson Elementary School	12,567	39,491	34,672	17,386	-	-	17,386
Keavy Elementary School	13,243	17,385	16,627	14,001	-	-	14,001
London Elementary School	31,908	40,081	36,849	35,140	-	-	35,140
North Laurel Middle School	108,903	222,037	212,820	118,120	-	-	118,120
South Laurel Middle School	135,001	166,756	192,136	109,621	-	-	109,621
Sublimity Elementary School	12,878	28,426	25,418	15,886	-	-	15,886
Wyan-Pine Elementary School	51,461	24,449	29,247	46,663	-	-	46,663
Totals	<u>\$ 455,455</u>	<u>\$ 723,136</u>	<u>\$ 704,321</u>	<u>\$ 474,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,270</u>

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND**  
**YEAR ENDED JUNE 30, 2025**

	Balances June 30, 2024	Receipts	Disbursements	Transfers in/(out)	Cash and cash equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
SLHS Ambassador Team	\$ 1,106	\$ -	\$ -	\$ (238)	\$ 868	-	-	\$ 868
Agriculture	32,132	52,564	53,406	(4,426)	26,864	-	-	26,864
National Honor Society	235	405	385	(55)	200	-	-	200
Art Department	253	-	-	(178)	75	-	-	75
Athletics	5,527	142,890	115,547	(24,527)	8,343	-	-	8,343
Madrigal	10,651	9,540	19,756	3,576	4,011	-	-	4,011
Swim Team	46	2,170	1,850	-	366	-	-	366
J.R.O.T.C.	2,726	-	-	-	2,726	-	-	2,726
Beta Club	2,200	618	765	(184)	1,869	-	-	1,869
First Priority	1,059	-	-	(76)	983	-	-	983
Staffuly	-	40	-	322	362	-	-	362
4H Club	272	39	-	(311)	-	-	-	-
Academic Team	178	420	-	(26)	572	-	-	572
Fishing	7,488	2,303	6,621	-	3,170	-	-	3,170
Spanish Club	350	60	155	(7)	248	-	-	248
Field trips	-	-	28,001	28,001	-	-	-	-
F.B.L.A.	4,195	9,626	10,980	(661)	2,180	-	-	2,180
MU Alpha Theta	629	393	300	-	722	-	-	722
DECCA	194	-	-	(194)	-	-	-	-
General	5,326	1,149	2,860	-	3,615	-	-	3,615
PBIS	491	621	1,078	-	34	-	-	34
F.C.C.L.A	2,577	3,650	4,944	99	1,382	-	-	1,382
Fish and wildlife	-	1,350	498	(16)	836	-	-	836
Yearbook	10,149	3,892	2,214	(93)	11,734	-	-	11,734
Prom/Junior Class	10,012	6,894	5,074	-	11,832	-	-	11,832
Library Department	4,010	245	90	(294)	3,871	-	-	3,871
Senior Class	391	5,081	4,337	3,591	4,726	-	-	4,726
Archery Club	5,660	6,110	6,849	2,673	7,594	-	-	7,594
Track-Girls	5,577	7,556	11,113	(1,517)	503	-	-	503
Fashion Club (FCS)	531	-	-	-	531	-	-	531

Continued on next page

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND -CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Baseball Club	1,063	31,300	28,796	1,500	5,067	-	-	5,067
Chorale Club	44	-	-	-	44	-	-	44
Cross Country Sports	1,770	326	1,273	(306)	517	-	-	517
F.M.D. Club	102	-	-	-	102	-	-	102
Varsity Cheerleaders	2,956	54,690	57,468	-	178	-	-	178
Laurelettes	15,037	9,079	8,786	(93)	15,237	-	-	15,237
School Store	201	19,206	12,805	878	7,480	-	-	7,480
Dance	3,240	2,895	2,106	-	4,029	-	-	4,029
Cross Country - Girls	1,667	192	1,304	-	555	-	-	555
Boys Basketball Club	588	2,189	-	(2,324)	453	-	-	453
Girls Basketball Club	3,216	2,957	8,245	3,799	1,727	-	-	1,727
Girl-Boy Basketball Fund	602	-	1,410	808	-	-	-	-
Football Club	828	2,707	3,354	(180)	1	-	-	1
Girls Golf Club	445	-	-	-	445	-	-	445
Golf Club	421	-	-	300	721	-	-	721
Boys Soccer	2,605	7,211	6,696	-	3,120	-	-	3,120
Girls Soccer	107	90	295	98	-	-	-	-
Special Education Dept.	39	-	-	-	39	-	-	39
Track Club	2,468	2,212	1,473	(2,200)	1,007	-	-	1,007
Girls Softball Club	3,573	200	3,918	146	1	-	-	1
Vending Machines	2,924	974	807	(250)	2,841	-	-	2,841
Volleyball Club	2,020	2,880	2,280	(1,649)	971	-	-	971
Boys Tennis	181	74	74	-	181	-	-	181
Guidance Department	-	11,887	2,597	(6,596)	2,694	-	-	2,694
Tennis Club (Girls)	226	-	-	-	226	-	-	226
Staff Vending	1,240	2,025	776	(1,358)	1,131	-	-	1,131
Special Games	4,871	-	-	(530)	4,341	-	-	4,341
SLHS YSC	315	-	121	-	194	-	-	194
Staff Generated	31	-	-	-	31	-	-	31
Band	590	9,626	6,969	(3,246)	1	-	-	1
AP Fees	-	640	7,657	7,017	-	-	-	-
3D printing club	-	100	-	-	100	-	-	100
Renn team	-	-	-	27	27	-	-	27
Student Fees	-	4,072	779	(1,300)	1,993	-	-	1,993
<b>Total accounts</b>	<b>\$ 167,335</b>	<b>\$ 425,148</b>	<b>\$ 436,812</b>	<b>\$ -</b>	<b>\$ 155,671</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 155,671</b>

See accompanying independent auditor's report.

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NORTH LAUREL HIGH SCHOOL ACTIVITY FUND  
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalent June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
General	\$ 9,049	\$ 11,197	\$ 7,889	\$ (275)	\$ 12,082	\$ -	\$ -	\$ 12,082
Athletic Fund	2,467	69,529	51,312	(19,380)	1,304	-	-	1,304
Academic Team	-	-	275	275	-	-	-	-
Autism Awareness Club	1,017	-	642	-	375	-	-	375
Beta Club	3,814	2,950	1,110	-	5,654	-	-	5,654
Bus Transportation	11,564	2,196	37,985	32,803	8,578	-	-	8,578
Business Co-op Class	128	-	-	-	128	-	-	128
Charitable Gaming	27	2,720	2,160	-	587	-	-	587
Dance Team	3,680	9,325	16,893	5,521	1,633	-	-	1,633
Donation Incentives	4,699	9,267	7,174	(688)	6,104	-	-	6,104
Drama Club	9,475	16,044	19,052	(857)	5,610	-	-	5,610
COSPLAY Club	643	-	-	-	643	-	-	643
F.B.L.A.	135	-	28	-	107	-	-	107
F.C.A	421	-	300	-	121	-	-	121
F.C.C.L.A	1,902	3,587	5,492	50	47	-	-	47
FFA	8,014	41,375	42,767	-	6,622	-	-	6,622
First Priority	54	-	-	-	54	-	-	54
F.M.D Club	2,532	15,470	16,511	550	2,041	-	-	2,041
Fishing Club	-	13,809	10,656	-	3,153	-	-	3,153
Junior Class	4,945	8,900	9,254	-	4,591	-	-	4,591
KY JR Hist Soc	20	-	-	-	20	-	-	20
Library	603	303	-	-	906	-	-	906
Marching Band	3,573	8,732	12,148	(72)	85	-	-	85
National Honor Society	753	1,030	1,320	-	463	-	-	463
N.J.R.O.T.C	2,893	3,000	1,442	-	4,451	-	-	4,451
Pep Club	1,077	-	794	-	283	-	-	283
PBIS	-	4,271	2,965	(100)	1,206	-	-	1,206
Senior Class	175	-	-	-	175	-	-	175

Continued on next page

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NORTH LAUREL COUNTY HIGH SCHOOL ACTIVITY FUND - CONTINUED  
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalent June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Singing Jags	1,717	10,485	9,419	(2,777)	6	-	-	6
Spanish Club	313	-	-	-	313	-	-	313
Student YMCA (Y-Club)	208	-	-	-	208	-	-	208
Yearbook	48,173	10,326	23,915	(5,899)	28,685	-	-	28,685
Youth Service Center	1,839	-	-	-	1,839	-	-	1,839
Student Vending	149	987	7,566	6,579	149	-	-	149
Teacher Vending	268	1,627	6,358	4,731	268	-	-	268
Athl Archery II	2,429	9,285	7,399	-	4,315	-	-	4,315
Athl Baseball	-	4,901	7,377	2,476	-	-	-	-
Athl Baseball II	11,564	32,057	29,220	-	14,401	-	-	14,401
Athl Basketball M	5,342	10,107	6,540	3,305	12,214	-	-	12,214
Athl Basketball M II	44,658	66,849	93,836	(4,808)	12,863	-	-	12,863
Athl Basketball W	-	6,491	8,773	2,282	-	-	-	-
Athl Basketball W II	8,750	51,757	41,245	5,655	24,917	-	-	24,917
Athl Cheer	-	15,632	4,255	(1,389)	9,988	-	-	9,988
Athl Concessions	1	30,138	16,319	(13,819)	1	-	-	1
Athl Football	14,506	18,704	16,212	(10,489)	6,509	-	-	6,509
Athl Golf-M	-	-	1,705	1,705	-	-	-	-
Athl Golf-W	1,318	3,687	6,465	2,628	1,168	-	-	1,168
Athl P/S Tourneys	248	-	-	-	248	-	-	248
Athl Socc-M	2,429	5,929	3,609	(2,273)	2,476	-	-	2,476
Athl Socc-M II	9,107	11,133	10,762	-	9,478	-	-	9,478
Athl Socc-W	1,725	2,683	3,085	(1,323)	-	-	-	-
Athl Socc-W II	752	10,890	8,052	(2,442)	1,148	-	-	1,148
Athl Softball	730	5,378	8,527	2,419	-	-	-	-
Athl Softball II	3,253	44,549	53,067	6,500	1,235	-	-	1,235
Athl Swim	500	7,749	6,091	(2,158)	-	-	-	-
Athl Tennis M-W	-	-	1,364	1,364	-	-	-	-
Athl Tennis II	6,164	8,316	7,475	(2,348)	4,657	-	-	4,657
Athl Track M-W	-	-	56	56	-	-	-	-
Athl Track II	13,648	8,820	3,408	(1,423)	17,637	-	-	17,637
Athl Volley Ball	3,395	5,516	6,095	(2,816)	-	-	-	-
Athl Volley Ball II	6,281	6,088	8,951	(997)	2,421	-	-	2,421
Athl XC II	12,228	-	1,807	(2,566)	7,855	-	-	7,855
Change Order	-	7,600	7,600	-	-	-	-	-

Total accounts	<u>\$ 275,355</u>	<u>\$ 621,389</u>	<u>\$ 664,722</u>	<u>\$ -</u>	<u>\$ 232,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,022</u>
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3210002 25	\$ 3,313,902
Title I Grants to Local Educational Agencies	84.010	3210002 24	<u>76,168</u>
			<u>3,390,070</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 25	522,000
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 24	<u>98,515</u>
			<u>620,515</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education--Grants to States	84.027	3810002 25	1,969,274
Special Education--Grants to States	84.027	3810002 24	<u>1,150,221</u>
			<u>3,119,495</u>
<i>Total Special Education Cluster</i>			<u>3,119,495</u>
Rural Education	84.358	3140002 25	27,000
Rural Education	84.358	3140002 24	<u>368</u>
			<u>27,368</u>
Education Stabilization Fund (COVID-19):			
Elementary and Secondary School Emergency Relief Fund (COVID-19)	84.425A	554G	2,215,801
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (COVID-19)	84.425U	473G	<u>5,874,083</u>
			<u>8,089,884</u>
Student Support and Academic Enrichment Grant	84.424	552X	<u>373,801</u>
			<u>373,801</u>
<b>Total U.S. Department of Education</b>			<u>15,621,133</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Kentucky Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	7750002 22	4,399,011
School Breakfast Program	10.553	7760005 22	1,650,882
National School Lunch Program - Commodities	10.555	7750002 22	<u>293,810</u>
			<u>6,343,703</u>
<i>Total Child Nutrition Cluster</i>			
State Administrative Expenses for Child Nutrition	10.560	500355528	<u>21,097</u>
<b>Total U.S. Department of Agriculture</b>			<u>6,364,800</u>
<u>U.S. Department of Defense</u>			
Direct Program			
ROTC Miscellaneous	12.000	5041X	<u>2,516</u>
<b>Total U.S. Department of Defense</b>			<u>2,516</u>
<b>Total federal expenditures</b>			<u>\$ 21,988,449</u>

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

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Laurel County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

**2. IN-KIND COMMODITIES**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2025 is \$293,810.

**3. CLUSTER PROGRAMS**

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

**4. INDIRECT COST RATE**

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**5. SIGNIFICANT ACCOUNTING POLICIES**

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



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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**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**

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Laurel County School District  
London, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Laurel County School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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



## **Report on Compliance and Other Matters**

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

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
December 12, 2025



**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

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

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Laurel County School District  
London, Kentucky

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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



### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
December 12, 2025

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<u>  ✓  </u> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u>  ✓  </u> None reported
Noncompliance material to financial statement noted	_____	Yes	<u>  ✓  </u> No

**Federal Awards**

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<u>  ✓  </u> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u>  ✓  </u> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	_____	Yes	<u>  ✓  </u> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
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Title I Grants to Local Educational Agencies	84.010
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425A

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
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Auditee qualified as low risk	<u>  ✓  </u> Yes	_____ No
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(continued)

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2025**

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**Status of Prior Year Findings**

There were no prior year audit findings.

**MANAGEMENT LETTER COMMENTS**



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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

Members of the Board of Education  
Laurel County School District  
London, Kentucky

In planning and performing our audit of the basic financial statements of Laurel County School District for the year ended June 30, 2025, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control structure.

If during our audit we noted matters that may be opportunities for strengthening internal controls and operating efficiency, we have included that on the memorandum that accompanies this letter which summarizes our comments and suggestions regarding those matters, if any. This letter does not affect our report thereon dated December 12, 2025, on the basic financial statements of Laurel County School District.

Respectfully,

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
December 12, 2025



**Prior Year Comments – School Activity Funds**

There were no comments in the prior year.

**Current Year Comments –School Activity Funds**

**Bush Elementary School**

1. There were several instances of the receipt number not being written on the deposit slip. The deposit slip shall note the receipt numbers included in the deposit.

*Management Response: Deposit slips will be thoroughly reviewed to ensure all receipt numbers included in the deposit are clearly noted on the slip before making the deposit.*

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement.*

**Campground Elementary School**

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

*Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.*

**Cold Hill Elementary School**

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

*Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.*

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement.*

3. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

*Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.*

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT LETTER COMMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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Cold Hill Elementary School - Continued

4. There were several instances of the receipt number not being written on the deposit slip. The deposit slip shall note the receipt numbers included in the deposit.

*Management Response: Deposit slips will be thoroughly reviewed to ensure all receipt numbers included in the deposit are clearly noted on the slip before making the deposit.*

Colony Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

*Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.*

2. There were several instances of the receipt number not being written on the deposit slip. The deposit slip shall note the receipt numbers included in the deposit.

*Management Response: Deposit slips will be thoroughly reviewed to ensure all receipt numbers included in the deposit are clearly noted on the slip before making the deposit.*

3. There were several instances of the bank validation not being retained with the deposit slip. The bank validation must be retained in order to confirm the deposit was made accurately.

*Management Response: The bank-validated deposit receipt (validation slip) must be retained and attached to the deposit slip package to confirm the deposit was made accurately.*

Hazel Green Elementary School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement.*

Hunter Hills Elementary School

1. There were several instances of ending tickets not being attached to the ticket sales form. The beginning and ending ticket must be attached to the ticket sales form.

*Management Response: The beginning and ending tickets from every sale must be attached to the corresponding ticket sales form for verification.*

2. There were several instances of the ticket sales form not being completed properly. The ticket sales form must be filled out correctly and signed by the person in charge of sales, the ticket taker, and the school treasurer.

*Management Response: The ticket sales form must be fully and correctly filled out and signed by all three required parties: the person in charge of sales, the ticket taker, and the school treasurer.*

**LAUREL COUNTY SCHOOL DISTRICT**  
MANAGEMENT LETTER COMMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2025

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Hunter Hills Elementary School - Continued

3. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement*

4. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

*Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.*

5. There were several instances of the deposit slips not retained. All deposits must have a signed deposit slip with the receipts numbers written on the deposit slip.

*Management Response: All signed deposit slips, along with the noted receipt numbers, will be retained as a permanent record of the deposit transaction.*

Johnson Elementary School

1. There were several instances of the ticket sales form not being completed properly. The ticket sales form must be filled out correctly and signed by the person in charge of sales, the ticket taker, and the school treasurer.

*Management Response: The ticket sales form must be fully and correctly filled out and signed by all three required parties: the person in charge of sales, the ticket taker, and the school treasurer.*

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement*

3. There were several instances of invoices not being included with the check stub/purchase order. Invoices must have the check number and date noted, or the invoice shall be stapled to the purchase order and check stub.

*Management Response: Invoices must be stapled to the purchase order and check stub and have the check number/date clearly noted to maintain complete payment documentation.*

4. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

*Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.*

LAUREL COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2025

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Johnson Elementary School - Continued

5. Several instances of the multi-receipt form not being used as required. The multi-receipt must be filled out properly for each deposit.

*Management Response: The multi-receipt form must be utilized and filled out properly for every deposit that involves multiple receipts.*

Keavy Elementary School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement*

London Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

*Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.*

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement*

Sublimity Elementary School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement*

Wyan-Pine Grove Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

*Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.*

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT LETTER COMMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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Wyan-Pine Grove Elementary School - Continued

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement*

South Laurel Middle School

1. There were several instances of the ticket sales form not being completed properly. The ticket sales form must be filled out correctly and signed by the person in charge of sales, the ticket taker, and the school treasurer.

*Management Response: The ticket sales form must be fully and correctly filled out and signed by all three required parties: the person in charge of sales, the ticket taker, and the school treasurer.*

2. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

*Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.*

South Laurel High School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

*Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement*

North Laurel High School

1. Several instances of the multi-receipt form not being used as required. The multi-receipt must be filled out properly for each deposit.

*Management Response: The multi-receipt form must be utilized and filled out properly for every deposit that involves multiple receipts.*

**APPENDIX D**

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

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STATEMENT OF INDEBTEDNESS



5. The total amount of bonds, notes, and other obligations of the District subject to the debt limitation set forth in KRS Section 66.041 (Line 3 minus Line 4) is \$11,820,000
6. The total amount of bonds, notes, and other obligations of the District subject to the debt limitation set forth in KRS Section 66.041, as computed in Line 5 above, does not exceed 2% of the assessed valuation of all of the taxable property in the District.\*\*
7. The current tax rate of the District, for school purposes, upon the value of its taxable property is \$0.462 per \$100 of assessed valuation for real property and \$0.465 per \$100 of assessed valuation for tangible property, which does not exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.
8. The issuance of the bonds, bond anticipation notes, or other obligations set forth in Line 3 hereof will not cause the tax rate set forth in Paragraph 7 hereof to increase in an amount which would exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.

IN WITNESS WHEREOF, I have hereunto set my hand this January 30, 2026.

By:

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Treasurer

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

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

**APPENDIX E**

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

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FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL



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

\_\_\_\_\_, 2026

Board of Education of Laurel County, Kentucky  
London, Kentucky

Ladies and Gentlemen:

We have served as bond counsel to the Board of Education of Laurel County, Kentucky (“Board”) and in such capacity have examined the transcript of proceedings for the issue of \$5,275,000 Board of Education of Laurel County, Kentucky General Obligation Bonds, Series 2026 (the “Bonds”), dated March 3, 2026, numbered R-1 upward, and of denominations of \$5,000 or any integral multiple thereof. The Bonds are issued by the Board on behalf of the Laurel County School District (“District”). The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

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

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

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

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

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

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

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

**APPENDIX F**

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

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

## CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Certificate”) is executed and delivered as of March 3, 2026, by the Board of Education of Laurel County, Kentucky (the “Issuer”), in connection with the issuance and delivery of \$5,275,000 aggregate principal amount of General Obligation Bonds, Series 2026 (the “Obligations”). The Obligations are being issued under and in accordance with a resolution duly adopted by the Board of Education of the Issuer on January 12, 2026 (the “Authorizing Legislation”). The Issuer hereby certifies, covenants, and agrees as follows:

Section 1. Purpose of this Certificate.

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

Section 2. Definitions; Scope of this Certificate.

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

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

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

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

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

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

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

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Offering Document” means the Final Official Statement dated February 10, 2026.

“Operating Data” means an update of certain operating data of the Issuer, which is limited to 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”.

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

“SEC” means the Securities and Exchange Commission.

Section 3. Disclosure of Information.

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

(i) Annual Financial Information and Operating Data. The Annual Financial Information and Operating Data of the Issuer, at least annually, on or before nine (9) months after the end of each fiscal year ending June 30, commencing with the fiscal year ended June 30, 2026, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information and Operating Data to the Disclosure Agent no later than fifteen Business Days before the disclosure date set forth above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the other Annual Financial Information.

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

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

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

(C) Means of Making Information Public.

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

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

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

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

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

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

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

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

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

#### Section 4. Amendment or Modification.

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

#### Section 5. Miscellaneous.

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

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

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

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

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

Section 6. Additional Disclosure Obligations.

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

Section 7. Notices.

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

To the Issuer: Board of Education of Laurel County, Kentucky  
718 N. Main Street  
London, Kentucky 40741  
Attention: Chief Financial Officer  
Telephone: (606) 862.4600

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

[SIGNATURE PAGE CONTINUING DISCLOSURE CERTIFICATE]

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

**BOARD OF EDUCATION OF  
LAUREL COUNTY, KENTUCKY**

\_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Secretary

**APPENDIX G**

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

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BOOK-ENTRY ONLY SYSTEM

## **BOOK-ENTRY ONLY SYSTEM**

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered under the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of any sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between the Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, the National Securities Clearing Corporation, and the Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, 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](http://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 (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners of the Bonds will not receive written confirmation from DTC of their purchase. Beneficial Owners of the Bonds are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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 any notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants or Indirect Participants to Beneficial Owners of the Bonds will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails

an Omnibus Proxy to the City 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 (as identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from The City or the Paying Agent, on the payable date in accordance with their respective holdings, as shown on DTC's records. Payments by Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

**APPENDIX H**

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

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OFFICIAL TERMS AND CONDITIONS OF BOND SALE

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$5,275,000\*

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

Notice is hereby given that electronic bids will be received by the Board of Education of Laurel County, Kentucky (the “Board”), until 11:30 A.M., E.S.T. on February 10, 2026, at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 200 Mero Street, 5<sup>th</sup> Floor, Frankfort, Kentucky 40622, receive sealed, competitive bids for the bonds of the Board described herein (the “Bonds”). To be considered, Bids must be submitted on an Official Bid Form and delivered to the Secretary of the Board at the address indicated, on the date of sale, no later than the hour indicated. Alternatively, electronic bids for the Bonds may be submitted through the BiDCOMP™/PARITY™ system, as described herein. Bids will be opened by the Secretary and may be accepted without further action by the Board.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

The Bonds are authorized by Sections 66.011 to 66.191, inclusive, of Kentucky Revised Statutes, as amended (the “General Obligation Act”), and Section 160.160 of Kentucky Revised Statutes, as amended, and are being issued under and in accordance with a Bond Resolution adopted by the Board on January 12, 2026 (the “Bond Resolution”). The Bonds are general obligation bonds and constitute a direct indebtedness of the Board. The Bonds are issued by the Board for the benefit of the Laurel County School District (“District”). The Bonds are secured by the Board’s ability to levy, and its pledge to levy, an ad valorem tax on all property within the District in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purposes of (i) financing the costs of improvements at South Laurel High School, North Laurel High School, Keavy Elementary School and Laurel County Day Treatment (collectively, the “Project”) and (ii) paying all or a portion of the costs of issuance of the Bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS, AND PAYING AGENT

The Bonds shall be dated their date of initial issuance and delivery, bearing interest from such date, payable on each September 1 and March 1, commencing September 1, 2026.

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

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
Mar. 1, 2027	\$85,000	Mar. 1, 2035	\$410,000
Mar. 1, 2028	160,000	Mar. 1, 2036	425,000
Mar. 1, 2029	165,000	Mar. 1, 2037	490,000
Mar. 1, 2030	165,000	Mar. 1, 2038	510,000
Mar. 1, 2031	215,000	Mar. 1, 2039	550,000
Mar. 1, 2032	260,000	Mar. 1, 2040	595,000
Mar. 1, 2033	270,000	Mar. 1, 2041	660,000
Mar. 1, 2034	315,000		

The Bonds maturing on or after March 1, 2035 are subject to optional redemption on March 1, 2034 or any date thereafter, in whole or in part, in such order of maturity as shall be designated in writing by the District, and by lot within a maturity, at the election of the District upon thirty-five days’ written notice to U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Paying Agent and Registrar for

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\* Preliminary, subject to Permitted Adjustment as described herein.

the Bonds (the "Paying Agent and Registrar") at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

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

#### BIDDING CONDITIONS AND RESTRICTIONS

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

(i) Bid Form. Bids shall be for the entire issue and shall be made on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the lowest and best bid. Alternatively, electronic bids for the Bonds may be submitted through the BiDCOMP™/PARITY™ system, as described herein.

(ii) Minimum Bid. Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$5,169,500 (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS. Rates must be on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited.

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

(iv) Award; Adjustment. The determination of the best purchase bid for each of the Bonds will be made on the basis of the lowest net interest cost to be calculated as that rate (or yield) which, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds, as set forth in the Official Bid Form for the Bonds, for exactly \$5,275,000 principal amount of Bonds offered for sale hereunder. Upon determination of the lowest net interest rate, the principal amounts of the Bonds shall be immediately adjusted by the Board in order to determine the maturities of the final bond issue. The successful bidder will be required to accept the Bonds in the amounts so computed, whether the principal amount has been increased or decreased in an amount up to 10% (the "Permitted Adjustment") and to pay the purchase price based upon the aggregate amount of the final issue.

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

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

(vi) Interest Rates. 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.

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

Notice is hereby given that electronic proposals will be received via BIDCOMP™/PARITY™, in the manner prescribed by these Official Terms and Conditions, until 11:30 A.M., E.S.T., on February 10, 2026, and no bid received after such time shall be accepted. Electronic bids for the Bonds must be submitted through the BIDCOMP™/PARITY™ system, and no other provider of electronic bidding services will be accepted. A subscription to the BiDCOMP™/PARITY™ System is required in order to submit an electronic bid for the Bonds. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids, whether in electronic or written form. Electronic bids made through the BiDCOMP™/PARITY™ facilities shall be deemed an offer to purchase in response to the Notice of Bond Sale, and shall be binding upon such bidders as if made by signed, sealed, and written bids delivered to the Board. The Board shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. To the extent any instructions or directions provided by the BIDCOMP™/PARITY™ system conflict with these Official Terms and Conditions, the terms of these Official Terms and Conditions shall control. For additional information regarding the BIDCOMP™/PARITY™ system, potential bidders may contact the Independent Registered Municipal Advisor or BIDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, New York 10010, Telephone: (212) 404-8102.

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

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

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

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

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

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

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

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

(xvi) Independent Registered Municipal Advisor. Bidders are advised that RSA Advisors, LLC, Lexington, Kentucky has been employed as an Independent Registered Municipal Advisor in connection with the issuance of the Bonds. Its fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.

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

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

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

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

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

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

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

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

#### CONTINUING DISCLOSURE

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

Disclosure Certificate, so long as the Bonds remain outstanding, the Board will agree to comply with the provisions of the Rule.

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

## TAX TREATMENT

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

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

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

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

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

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

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

BOARD OF EDUCATION OF LAUREL  
COUNTY, KENTUCKY

By: /s/ Denise Griebel, Secretary

**APPENDIX I**

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

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OFFICIAL BID FORM

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

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$5,275,000 of General Obligation Bonds, Series 2026 (the “Bonds”), dated their date of initial issuance and delivery, offered for sale by the Board of Education of Laurel County, Kentucky (the “Board”) in accordance with the Preliminary Official Statement dated February 3, 2026 and the related Notice of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$5,275,000 principal amount of the Bonds, the total sum of \$ \_\_\_\_\_ (not less than \$5,169,500) at the following annual rate(s), payable semiannually (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 March 1 in the years as follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>
Mar. 1, 2027	\$85,000	_____ %	Mar. 1, 2035	\$410,000	_____ %
Mar. 1, 2028	160,000	_____ %	Mar. 1, 2036	425,000	_____ %
Mar. 1, 2029	165,000	_____ %	Mar. 1, 2037	490,000	_____ %
Mar. 1, 2030	165,000	_____ %	Mar. 1, 2038	510,000	_____ %
Mar. 1, 2031	215,000	_____ %	Mar. 1, 2039	550,000	_____ %
Mar. 1, 2032	260,000	_____ %	Mar. 1, 2040	595,000	_____ %
Mar. 1, 2033	270,000	_____ %	Mar. 1, 2041	660,000	_____ %
Mar. 1, 2034	315,000	_____ %			

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

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

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

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

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

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

Respectfully submitted,

\_\_\_\_\_  
Bidder

\_\_\_\_\_  
Address

By: \_\_\_\_\_  
Signature

Total interest cost from March 3, 2026 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 true interest cost is submitted for information only and is not a part of this Bid.

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

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
Mar. 1, 2027	\$ _____	_____ %	Mar. 1, 2035	\$ _____	_____ %
Mar. 1, 2028	\$ _____	_____ %	Mar. 1, 2036	\$ _____	_____ %
Mar. 1, 2029	\$ _____	_____ %	Mar. 1, 2037	\$ _____	_____ %
Mar. 1, 2030	\$ _____	_____ %	Mar. 1, 2038	\$ _____	_____ %
Mar. 1, 2031	\$ _____	_____ %	Mar. 1, 2039	\$ _____	_____ %
Mar. 1, 2032	\$ _____	_____ %	Mar. 1, 2040	\$ _____	_____ %
Mar. 1, 2033	\$ _____	_____ %	Mar. 1, 2041	\$ _____	_____ %
Mar. 1, 2034	\$ _____	_____ %			

\_\_\_\_\_  
Secretary, Board of Education  
of Laurel County, Kentucky

Dated: February 10, 2026