

DATED FEBRUARY 24, 2026

NEW ISSUE

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

**RATING
Moody's: " "**

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 Corporation and the Board, and subject to the conditions and limitations set forth herein under the caption "Tax Exemption" 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.

\$2,875,000*
**LEWIS COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2026**

Dated with Delivery: MARCH 25, 2026

Due: as shown below

Interest on the Bonds is payable each April 1 and October 1, beginning October 1, 2026. The Bonds will mature as to principal on April 1, 2027, and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

Maturing		Interest	Reoffering		Maturing	Interest	Reoffering	
1-Apr	Amount*	Rate	Yield	CUSIP	1-Apr	Amount*	Rate	Yield
2027	\$10,000	%	%		2037	\$10,000	%	%
2028	\$10,000	%	%		2038	\$10,000	%	%
2029	\$10,000	%	%		2039	\$10,000	%	%
2030	\$10,000	%	%		2040	\$10,000	%	%
2031	\$10,000	%	%		2041	\$10,000	%	%
2032	\$10,000	%	%		2042	\$10,000	%	%
2033	\$10,000	%	%		2043	\$10,000	%	%
2034	\$10,000	%	%		2044	\$820,000	%	%
2035	\$10,000	%	%		2045	\$920,000	%	%
2036	\$10,000	%	%		2046	\$965,000	%	%

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

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

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

The Lewis County (Kentucky) School District Finance Corporation will until March 4, 2026, at 11:30 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 200 Mero Street - 5th Floor, Frankfort, KY 40622.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$290,000.**

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

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

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

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



**LEWIS COUNTY
BOARD OF EDUCATION**

Michelle Skidmore, Chairperson
Cindy Applegate, Member
Todd Sartin, Member
Amber Kielman, Member
Chad Evans, Member

Jeff Aulick, Superintendent/Secretary

**LEWIS COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION**

Michelle Skidmore, President
Cindy Applegate, Member
Todd Sartin, Member
Amber Kielman, Member
Chad Evans, Member

Jeff Aulick, Secretary
Rebecca Fyffe, Treasurer

BOND COUNSEL

Dinsmore & Shohl LLP
Covington, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

US Bank Trust Company, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Lewis County School District Finance Corporation School Building Revenue Bonds, Series of 2026, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$2,875,000*

**LEWIS COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2026**

**Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Lewis County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2026 (the "Bonds").

The Bonds are being issued to finance roof improvements at Lewis County High School and Tollesboro Elementary School (collectively the "Project").

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

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated March 25, 2026, may be obtained at the office of Dinsmore & Shohl LLP, 50 East Rivercenter Boulevard, Suite 1150, Covington, KY 41011.

BOOK-ENTRY-ONLY-SYSTEM

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

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

DTC will act as securities depository for the Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants

of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$11,612 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2026; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period through April 1, 2046, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2026. Inter alia, the Budget provides \$117,389,800 in FY 2024-25 and \$126,743,000 in FY 2025-2026 to pay debt service on existing and future bond issues. There are \$85,000,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes \$40,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2028.

The 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022, and 2024 Regular Sessions of the Kentucky General Assembly appropriated funds to be used for new debt service of participating school districts. The appropriations for each biennium are shown in the following table:

<u>Biennium</u>	-	<u>Appropriation</u>
2000-02		8,100,000
2002-04		9,500,000
2004-06		14,000,000
2006-08		9,000,000
2008-10		10,968,000
2010-12		12,656,200
2012-14		8,469,200
2014-16		8,764,000
2016-18		23,019,400
2018-20		7,608,000
2020-22		2,946,900
2022-24		5,305,300
<u>2024-26</u>		<u>22,180,700</u>
Total		\$142,517,700

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 2000 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2026

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

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

The General Assembly adopted a budget for the biennial period ending June 30, 2026 which was approved and signed recently by the Governor. Such budget became effective July 1, 2024.

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Interest Rate Range	Final Maturity
2012B	\$1,110,000	\$410,000	\$0	\$1,110,000	2.500% - 3.375%	2032
2016-REF	\$1,095,000	\$120,000	\$564,833	\$530,167	2.500%	2026
2016B-REF	\$2,225,000	\$660,000	\$1,837,265	\$387,735	2.125% - 2.500%	2028
2017A	\$920,000	\$630,000	\$920,000	\$0	3.000% - 3.700%	2037
2017B	\$15,430,000	\$10,760,000	\$8,918,520	\$6,511,480	3.000% - 3.250%	2037
2021	\$14,875,000	\$13,760,000	\$14,875,000	\$0	2.000%	2041
2021B	\$16,300,000	\$13,730,000	\$2,811,083	\$13,488,917	2.000% - 2.250%	2041
2023	\$2,870,000	\$2,840,000	\$2,730,626	\$139,374	4.125% - 4.250%	2044
TOTALS:	\$54,825,000	\$42,910,000	\$32,657,327	\$22,167,673		

AUTHORITY

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

- i) the issuance of approximately \$2,875,000 of Bonds subject to a permitted adjustment of \$290,000;
- ii) the advertisement for the public sale of the Bonds;
- iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,
- iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated March 25, 2026, will bear interest from that date as described herein, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2026, and will mature as to principal on April 1, 2027, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). US Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on April 1 and October 1 of each year, beginning October 1, 2026 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after April 1, 2035, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after April 1, 2034, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
April 1, 2034, and thereafter	100%

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

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a statutory mortgage lien on and pledge of revenue from the school building Project; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the school building(s) which constitute the school building Project (the "Parity Bonds"). Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of Bonds have the right to have a receiver appointed to administer the school building Project but foreclosure and sale are not available as remedies.

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from March 25, 2026, through June 30, 2026, with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until April 1, 2046, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

Authorization of General Obligation Bonds

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

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately \$11,612 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately 4% of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2026. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods through April 1, 2046, but the Commission is not required to do so.

STATE INTERCEPT

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

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance roof improvements at Lewis County High School and Tollesboro Elementary School (collectively the "Project").

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

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

ADDITIONAL PARITY BONDS

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

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

Kentucky statutes, and the regulations of the Kentucky Department of Education ("KDE") issued there-under, generally require that a local school district submit to KDE for its prior approval the district's plans for the funding, financing, design, construction, renovation, and modification of school facilities. House Bill 678 of the 2022 Regular Session of the Kentucky General Assembly (2022 Ky. Acts, Ch. 185, hereinafter referred to as "HB 678"), enacted and effective April 8, 2022, eliminated until June 30, 2024 this requirement of prior approval for local school districts which elect by resolution to proceed without such prior approval and which so notify the Department. The District has adopted such a resolution and has so notified KDE. House Bill 727 of the 2024 Regular Session of the Kentucky General Assembly (2024 Ky Acts, Ch 126. Hereinafter re-ferred to as "HB 727"), enacted and effective April 24, 2024, extended the provisions of HB 678 through June 30, 2027.

Notwithstanding HB 678, and HB 727, KDE's supervision of local school districts continues to apply other areas of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditures and the annual approval of the district's operating budget. All local school boards which have entered into contracts for the issuance of bonds must maintain insurance protection in an amount equal to the full insurable value of the buildings financed by the bonds. This State Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky's perfect record of no defaults in payment of its revenue bonds for school purposes.

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet approximately 96% of the debt service of the Bonds.

Fiscal Year	Current Local	-----School Building Revenue Bonds, Series 2026 -----					Total Restricted Fund Bond Payments
		Principal	Interest	Total	SFCC Portion	Local Portion	
Ending June 30	Bond Payments						
2026	\$1,953,190						\$1,953,190
2027	\$1,951,736	\$10,000	\$127,277	\$137,277	\$11,612	\$125,665	\$2,077,401
2028	\$1,951,757	\$10,000	\$124,886	\$134,886	\$11,612	\$123,274	\$2,075,030
2029	\$1,952,543	\$10,000	\$124,581	\$134,581	\$11,612	\$122,969	\$2,075,512
2030	\$1,949,735	\$10,000	\$124,276	\$134,276	\$11,612	\$122,664	\$2,072,399
2031	\$1,951,650	\$10,000	\$123,971	\$133,971	\$11,612	\$122,359	\$2,074,008
2032	\$1,950,884	\$10,000	\$123,661	\$133,661	\$11,612	\$122,049	\$2,072,932
2033	\$1,948,829	\$10,000	\$123,346	\$133,346	\$11,612	\$121,734	\$2,070,563
2034	\$1,952,506	\$10,000	\$123,016	\$133,016	\$11,612	\$121,404	\$2,073,909
2035	\$1,952,679	\$10,000	\$122,671	\$132,671	\$11,612	\$121,059	\$2,073,738
2036	\$1,950,385	\$10,000	\$122,316	\$132,316	\$11,612	\$120,704	\$2,071,089
2037	\$1,950,427	\$10,000	\$121,946	\$131,946	\$11,612	\$120,334	\$2,070,761
2038	\$1,949,498	\$10,000	\$121,566	\$131,566	\$11,612	\$119,954	\$2,069,451
2039	\$1,952,684	\$10,000	\$121,176	\$131,176	\$11,612	\$119,564	\$2,072,247
2040	\$1,950,645	\$10,000	\$120,776	\$130,776	\$11,612	\$119,164	\$2,069,809
2041	\$1,951,909	\$10,000	\$120,366	\$130,366	\$11,612	\$118,754	\$2,070,662
2042	\$1,953,790	\$10,000	\$119,948	\$129,948	\$11,612	\$118,336	\$2,072,126
2043	\$1,949,944	\$10,000	\$119,523	\$129,523	\$11,612	\$117,911	\$2,067,854
2044	\$67,763	\$820,000	\$119,093	\$939,093	\$11,612	\$927,481	\$995,243
2045		\$920,000	\$83,423	\$1,003,423	\$11,612	\$991,811	\$991,811
2046		\$965,000	\$42,943	\$1,007,943	\$11,612	\$996,331	\$996,331
TOTALS:	\$35,192,553	\$2,875,000	\$2,330,752	\$5,205,752	\$232,240	\$4,973,512	\$40,166,065

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	\$ _____

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2005-06	2,165.8	2015-16	2,045.8
2006-07	2,217.3	2016-17	2,025.1
2007-08	2,212.4	2017-18	2,014.9
2008-09	2,200.2	2018-19	1,960.4
2009-10	2,137.9	2019-20	1,946.8
2010-11	2,094.7	2020-21	1,946.8
2011-12	2,102.8	2021-22	2,026.8
2012-13	2,142.9	2022-23	2,026.8
2013-14	2,127.0	2023-24	1,946.0
2014-15	2,100.7	2024-25	1,825.7

Source: Kentucky Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is \$4,000 per pupil. The \$100 capital outlay allotment per each average daily attendance is included within the guaranteed amounts. Each district's base funding from the SEEK program is adjusted for the number of at-risk students, the number and types of exceptional children in the district, and cost of transporting students from and to school in the district.

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

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

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

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

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2005-06	216,580.0	2015-16	204,577.0
2006-07	221,730.0	2016-17	202,513.6
2007-08	221,240.0	2017-18	201,490.0
2008-09	220,018.0	2018-19	196,042.3
2009-10	213,792.0	2019-20	194,680.0
2010-11	209,472.0	2020-21	194,679.8
2011-12	210,281.0	2021-22	202,680.0
2012-13	214,288.0	2022-23	202,680.0
2013-14	212,700.0	2023-24	194,604.3
2014-15	210,070.0	2024-25	182,566.9

Source: Kentucky Department of Education.

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

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

- 1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;
- 2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,
- 3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes \$6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to \$49,100 effective January 1, 2025.

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2004-05	51.5	428,779,523	2,208,215
2005-06	48.8	445,888,480	2,175,936
2006-07	46.5	460,696,122	2,142,237
2007-08	48.8	478,193,020	2,333,582
2008-09	47.4	494,365,917	2,343,294
2009-10	47.4	508,157,412	2,408,666
2010-11	49.5	507,764,072	2,513,432
2011-12	46.9	521,492,001	2,445,797
2012-13	48.1	528,208,526	2,540,683
2013-14	47.5	551,808,837	2,621,092
2014-15	47.7	560,043,381	2,671,407
2015-16	49.1	580,904,401	2,852,241
2016-17	44.3	587,097,867	2,600,844
2017-18	54.1	592,137,204	3,203,462
2018-19	51.5	591,396,691	3,045,693
2019-20	51.7	590,140,823	3,051,028
2020-21	51.9	616,361,812	3,198,918
2021-22	51.1	621,624,160	3,176,499
2022-23	51.9	682,282,034	3,541,044
2023-24	51.5	698,135,463	3,595,398
2024-25	50.6	732,095,339	3,704,402

Source: Kentucky Department of Education.

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Lewis County School District or other issuing agency within Lewis County as reported by the State Local Debt Officer for the period ending June 30, 2025.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Lewis			
General Obligation	335,000	195,000	140,000
City of Vanceburg			
General Obligation	7,295,000	4,059,000	3,236,000
Water & Sewer Revenue	5,094,300	2,059,900	3,034,400
Special Districts			
Garrison Volunteer FD	4,900,000	0	4,900,000
Garrison-Quincy-KY-O-Heights Water Dist.	1,749,000	692,500	1,056,500
Lewis County Extension District	295,000	85,417	209,583
Lewis County Public Health Taxing District	250,000	116,500	133,500
Lewis County Public Library	1,100,000	208,000	892,000
Sanitation District No. 1 of Lewis Co.	963,000	126,000	837,000
Western Lewis-Rectorville Water Dist.	3,046,000	1,260,000	1,786,000
Totals:	25,027,300	8,802,317	16,224,983

Source: 2025 Kentucky Local Debt Report.

SEEK ALLOTMENT

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

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2004-05	9,853,455	2,208,215	12,061,670
2005-06	10,174,694	2,175,936	12,350,630
2006-07	10,596,791	2,142,237	12,739,028
2007-08	11,663,430	2,333,582	13,997,012
2008-09	11,766,091	2,343,294	14,109,385
2009-10	10,082,624	2,408,666	12,491,290
2010-11	9,732,808	2,513,432	12,246,240
2011-12	10,660,575	2,445,797	13,106,372
2012-13	10,816,634	2,540,683	13,357,317
2013-14	10,785,965	2,621,092	13,407,057
2014-15	10,828,198	2,671,407	13,499,605
2015-16	10,623,796	2,852,241	13,476,037
2016-17	10,470,339	2,600,844	13,071,183
2017-18	10,728,523	3,203,462	13,931,985
2018-19	10,630,640	3,045,693	13,676,333
2019-20	10,582,571	3,051,028	13,633,599
2020-21	10,086,095	3,198,918	13,285,013
2021-22	11,079,074	3,176,499	14,255,573
2022-23	11,432,035	3,541,044	14,973,079
2023-24	11,438,662	3,595,398	15,034,060
2024-25	11,273,032	3,704,402	14,977,434

- (1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at \$100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.
- (2) The Board established a current equivalent tax rate (CETR) of \$0.5060 for FY 2024-25. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

- i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.
- ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.
- iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:
 - a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or
 - b) fails to comply with the law.

POTENTIAL LEGISLATION

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

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

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Board and the Corporation (the "Obligated Persons") will agree pursuant to a Continuing Disclosure Agreement to be dated as of the date of initial issuance and delivery (the "Disclosure Agreement"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB") or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings "DISTRICT STUDENT POPULATION," "LOCAL SUPPORT," AND "SEEK ALLOTMENT" and in Appendix B of this Official Statement (the "Annual Financial Information"); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30th;

(ii) to the MSRB, 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or 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 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 similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bank National Association Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession 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 obligated person);

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(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 Corporation or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, any of which affect security holders, if material;

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or Obligated Person, any of which reflect financial difficulties; and

(q) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution.

(iii) to the MSRB, notice of a failure (of which the Obligated Persons has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

The Disclosure Agreement provides bondholders, including beneficial owners of the respective series of Bonds, with certain enforcement rights in the event of a failure by the Obligated Persons to comply with the terms thereof; however, a default under the Disclosure Agreement does not constitute an event of default under the Bond Resolution. The Disclosure Agreement may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Agreement, the form of which is attached to the Official Statement as Appendix C, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds; and
- © there are no liquidity providers applicable to the Bonds.

The Board and Corporation have been timely in making required filings under the terms of the Continuing Disclosure Agreement for the past five years. The Board has adopted procedures to assure timely and complete filings in the future with regard to the Rule in order to provide required financial reports and operating data or notices of material events.

TAX EXEMPTION; BANK QUALIFIED

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. The opinion of Bond Counsel will be delivered concurrently with the issuance of the Bonds.

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 Corporation and 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 Dinsmore & Shohl LLP.

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 Corporation and the Board has 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 on any of the 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 will be 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 such Discount Bond will be added to the purchaser's tax basis for purposes of determining the gain or loss on such Discount Bond at the maturity, redemption, sale, or other disposition of that Discount Bond and thus, in practical effect, will be treated as stated interest, which is excludable from the gross income of the purchaser for federal income tax purposes.

In addition to the foregoing, the 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 any cash attributable to the OID accruing 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.

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

MUNICIPAL ADVISOR

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

APPROVAL OF OFFICIAL STATEMENT

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

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

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

By /s/ _____
President

By /s/ _____
Secretary

APPENDIX A

**Lewis County School District Finance Corporation
School Building Revenue Bonds,
Series of 2026**

Demographic and Economic Data

LEWIS COUNTY, KENTUCKY

Vanceburg, the county seat of Lewis County, is located in the north central portion of Lewis County. Vanceburg celebrated its bicentennial in 1997. With an estimated 2024 population of 1,395, Vanceburg is located 72 miles north of Huntington, West Virginia; 89 miles northeast of Lexington, Kentucky; 89 miles southeast of Cincinnati, Ohio; and 169 miles east of Louisville, Kentucky.

Lewis County, with a land area of 485 square miles, is located in northeastern Kentucky. The Ohio River forms the northern boundary of the county and the Licking River forms the southern boundary. Lewis County had an estimated 2024 population of 12,916 persons.

The Economic Framework

In 2024, Lewis County had a labor force of 4,685 people with an unemployment rate of 10.4%. The top 5 jobs by occupation were as follows: office and administrative support - 185 (15.34%); executives, managers and administrators - 136 (11.28%); education, training/library - 114 (9.45%); production workers - 103 (8.54%); and sales - 69 (5.72%).

Transportation

“AAA”-rated trucking highways serving Vanceburg include Kentucky Routes 9 and 10 (John Y. Brown AA Highway), extending from Interstate 275 in northern Kentucky through Vanceburg. Kentucky Routes 8 and 59, both “AA”-rated trucking highways, also serve Vanceburg. Access to Interstate 64 is 28 miles south of Vanceburg via Kentucky Highway 59. Twelve trucking companies provide interstate and/or intrastate service to the area. CSX Transportation provides main line rail service to Vanceburg. The nearest scheduled commercial airline service is available at Tri-State Airport near Huntington, West Virginia, 72 miles southeast of Vanceburg. The Fleming-Mason Airport, 32 miles southwest of Vanceburg, maintains a 5,000-foot runway designed to accommodate small aircraft.

Power and Fuel

The Electric Plant Board of the City of Vanceburg provides electric power to Vanceburg and parts of Lewis County. Lewis County is also provided electric power by the Fleming-Mason Rural Electric Cooperative Corporation. Natural gas service is provided to Vanceburg by the Electric Plant Board of the City of Vanceburg.

Education

Primary and secondary education is provided to Vanceburg and Lewis County by the Lewis County School System. Eight colleges and universities are located within 60 miles of Vanceburg. The nearest area technology centers (ATC) providing secondary technical training are Mason County ATC in Maysville; Greenup County ATC in Greenup; Morgan County ATC in West Liberty; and Russell ATC in Russell. The nearest technical colleges providing postsecondary technical training are Rowan County Technical College in Morehead; and Ashland Technical College in Ashland.

LOCAL GOVERNMENT

Structure

The City of Vanceburg is governed by a mayor and six council members. The mayor is elected to a four-year term while the council members each serve two-year terms. Lewis County is governed by a county judge/executive and three magistrates. Each county official is elected to a four-year term. In 2022, Vanceburg had an estimated population of 1,445, and Lewis County had an estimated 13,187 people.

Planning and Zoning

There is no planning and zoning commission in Lewis County at the present time.
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The City of Vanceburg levies a one percent occupational license tax on all wages, salaries and commissions of individuals employed within the city and on net profits of businesses located within the city. An annual business license fee of \$22.50 is also required to operate a business in Vanceburg.

LABOR MARKET STATISTICS

The Vanceburg labor market area includes Lewis County and the following additional counties: Carter, Fleming, Greenup, Mason, Rowan in Kentucky and Scioto in Ohio.

Population Growth (in thousands)

<u>Area</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Lewis County	13,187	13,023	13,036
Vanceburg	1,445	1,401	1,417

Source: Kentucky Cabinet for Economic Development.

Population Projections

<u>Area</u>	<u>2030</u>	<u>2035</u>	<u>2040</u>
Lewis County	12,318	11,831	11,272

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

EDUCATION

Public Schools

	<u>Lewis County</u>
Total Enrollment (2024-25)	1,849
Pupil-Teacher Ratio	15 - 1

Source: Kentucky Department of Education.

Vocational Training

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

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

Bluegrass State Skills Corporation

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

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

Vocational and Technical Schools

Vocational School	Location	Enrollment 2025-26
Greenup County ATC	Greenup, KY	568
Harrison County ATC	Cynthiana, KY	708
Montgomery County ATC	Mt. Sterling, KY	519
Morgan County ATC	West Liberty, KY	583
Russell County ATC	Russell, KY	539

Source: Kentucky Department of Education.

Colleges and Universities

School Name	Location	Undergraduate Enrollment Fall 2025
Asbury University	Wilmore, KY	1,638
Georgetown College	Georgetown, KY	1,097
Kentucky State University	Frankfort, KY	1,340
Morehead State University	Morehead, KY	4,578
Transylvania University	Lexington, KY	1,004
University of Kentucky	Lexington, KY	24,763

Source: collegeboard.org

EXISTING INDUSTRY

Lewis County has a total of 162 businesses. In 2024, the leading industries in Lewis County were Manufacturing, Public Administration, Health Care and Social Services and Education.

<u>Top Industries by Job</u>	<u>Number of Jobs</u>
Manufacturing	209
Public Administration	192
Health Care and Social Services	172
Education	168

Source: Kentucky Cabinet for Economic Development (Kentucky Directory of Manufacturers - 2020).

APPENDIX B

**Lewis County School District Finance Corporation
School Building Revenue Bonds
Series of 2026**

Audited Financial Statement ending June 30, 2025

**LEWIS COUNTY
SCHOOL DISTRICT**

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

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Lewis County School District
Vanceburg, 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 Lewis County School District (the "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, and the respective budgetary comparison schedules 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. 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.

Emphasis of Matter—Adoption of New Accounting Standard

As discussed in Note (16) to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which resulted in a decrease to beginning net position of \$ 814,750. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability (Asset), and the Schedule of OPEB Contributions 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 1, 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 the District's internal control over financial reporting and compliance.

Kelley Galloway Smith Goolsby, PSC
Ashland, Kentucky
December 1, 2025

**LEWIS COUNTY SCHOOL DISTRICT
VANCEBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
FOR THE YEAR ENDED JUNE 30, 2025**

As management of the Lewis County School District (the "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.

FINANCIAL HIGHLIGHTS

- The beginning fund balance for the General Fund was \$2,924,806 and the ending balance was \$2,621,583 a decrease of \$303,223 for the year.
- The General Fund had \$20,585,920 in revenue, which consisted primarily of the State program (SEEK), and property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was \$21,932,861 in General Fund expenditures. General fund on-behalf payments totaled \$7,337,811.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt, net of discounts, decreased by \$160,889 during the current fiscal year.
- Net pension liabilities required to be recorded under GASB No. 68 decreased during the year. Non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system, the District's share of the pension liability was \$5,475,915 as of June 30, 2024, which represents a decrease of \$974,986 from the June 30, 2023 balance of \$6,450,901. The Kentucky Teachers Retirement System covers the District's professional staff members. The District's allocated pension liability as of June 30, 2024 was \$39,616,736, which represents a decrease of \$4,808,568 from the June 30, 2023 balance of \$44,425,304. However, this pension liability is the responsibility of the Commonwealth of Kentucky.
- There are two sources of OPEB liabilities (assets) with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan covers the District's professional staff members. The District's allocated OPEB liability as of June 30, 2024 for KTRS Medical Insurance Plan was \$5,231,000 with the District's responsibility being \$2,766,000 and the Commonwealth of Kentucky's responsibility being \$2,465,000. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2024 was \$56,000. Non-professional staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability (asset) was \$(158,543) as of June 30, 2024.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 10 and 11 of this report.

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

The basic fund financial statements can be found on pages 12 through 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$19,043,730 as of June 30, 2025.

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.

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

Net Position for the year ending June 30, 2025 and 2024

	2025	(As Restated) 2024
Current Assets	\$ 5,106,050	\$ 10,507,258
Noncurrent Assets	<u>74,644,092</u>	<u>73,049,932</u>
Total Assets	<u>79,750,142</u>	<u>83,557,190</u>

Deferred Outflows	2,986,530	3,849,331
Current Liabilities	4,708,235	5,864,245
Noncurrent Liabilities	53,523,187	57,097,418
Total Liabilities	<u>58,231,422</u>	<u>62,961,663</u>
Deferred Inflows	5,461,520	6,299,852
Net Position		
Net investment in capital assets	28,153,335	28,109,408
Restricted	821,468	3,456,607
Unrestricted Fund Balance	(9,931,073)	(13,421,009)
Total Net Position	<u>\$ 19,043,730</u>	<u>\$ 18,145,006</u>

The following table presents a summary of all governmental activities and business-type activities revenues and expenses for the fiscal year ended June 30, 2025, with a comparison to 2024.

	<u>2025</u>	<u>2024</u>
Revenues:		
Local Revenue Sources	\$ 5,087,863	\$ 4,129,495
State and Federal Revenue Sources	28,449,451	43,314,754
Total Revenues	<u>33,537,314</u>	<u>47,444,249</u>
Expenses:		
Instruction	16,663,857	16,254,937
Student Support Services	2,809,470	2,568,147
Instructional Support	514,987	538,034
District Administration	852,128	713,110
School Administration	1,478,746	1,374,314
Business and Other Support Services	728,647	774,478
Plant Operations	3,258,456	3,070,888
Student Transportation	2,843,348	3,465,828
Community Services	240,899	259,531
Food services	-	24,048
Interest Expense	1,275,724	1,292,734
Food Service	1,972,328	2,199,309
Total Expenses	<u>32,638,590</u>	<u>32,535,358</u>
Revenues Over (Under) Expenses	<u>\$ 898,724</u>	<u>\$ 14,908,891</u>

Governmental Funds Revenue

The majority of revenue was derived from state and federal funding making up 84% of total revenue. Local revenues make up 15% of total revenue (9% in 2024).

District-Wide Support Allocation

District-wide support services expenses were Transportation 9%, Maintenance & Operations 11%, and Business Functions 2% (as compared to 11%, 10%, and 3% in 2024, respectively).

Comments on Budget Comparisons

- The District's total governmental funds revenues for the fiscal year ended June 30, 2025, net of interfund transfers, bond proceeds, and gain on sale of assets were \$29,625,533 compared with \$42,531,449 in 2024.

- The General fund budget compared to actual expenditures varied from line item to line item with the ending actual balance being \$450,465 more than budget (excluding contingency amounts) or approximately -2.10%. Revenues were \$553,211 more than budget or 2.76%.
- The total cost of all programs and services for governmental funds for the fiscal year ending June 30, 2025 was \$34,197,014, compared with \$43,752,462 in 2024.

Capital Assets

At the end of June 30, 2025, the District's investment in capital assets for its governmental and business-type activities was \$74,485,549, representing an increase of \$1,574,417, net of depreciation, from the prior year.

Debt Service

At year-end, the District had approximately \$46.8 million in outstanding debt, net of discounts, compared to \$49.0 million last year. The District continues to maintain favorable debt ratings from Moody's and Standard & Poor's.

Budgetary Implications

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District overall budget. By law the budget must have a minimum 2% contingency. The general fund cash balance for beginning the next fiscal year is \$2,907,430.

The Lewis County School District's current and estimated grant notifications are not anticipated to make a year-to-year material impact upon the remaining funds. Award notifications and estimates are fairly in line with budgeted amounts.

Questions regarding this report should be directed to Rebecca Fyffe, Director of Finance/Treasurer at (606) 796-2811 or by mail at PO. Box 159, Vanceburg, Kentucky 41179.

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,744,370	\$ 50,732	\$ 3,795,102
Receivables (net of allowances for uncollectibles):			
Property taxes	305,799	-	305,799
Other	149,641	-	149,641
Intergovernmental	828,322	-	828,322
Inventories	-	27,186	27,186
Capital assets, not being depreciated	271,111	-	271,111
Capital assets, being depreciated, net	73,430,722	783,716	74,214,438
Net OPEB asset	66,622	91,921	158,543
Total assets	<u>78,796,587</u>	<u>953,555</u>	<u>79,750,142</u>
Deferred Outflows of Resources			
Deferred savings from refunding bonds	23,123	-	23,123
Deferred outflows - pension related	676,276	172,722	848,998
Deferred outflows - OPEB related	2,065,929	48,480	2,114,409
Total deferred outflows of resources	<u>2,765,328</u>	<u>221,202</u>	<u>2,986,530</u>
Liabilities			
Accounts payable	1,459,718	1,689	1,461,407
Unearned revenue	125,358	-	125,358
Interest payable	383,682	-	383,682
Portion due or payable within one year:			
Debt obligations	2,360,000	-	2,360,000
KISTA obligations	354,086	-	354,086
Accrued sick leave	23,702	-	23,702
Noncurrent liabilities:			
Portion due or payable after one year:			
Debt obligations, net	42,862,418	-	42,862,418
Accrued sick leave	1,161,422	-	1,161,422
KISTA obligations	1,257,432	-	1,257,432
Net pension liability	4,640,642	835,273	5,475,915
Net OPEB liability	2,766,000	-	2,766,000
Total liabilities	<u>57,394,460</u>	<u>836,962</u>	<u>58,231,422</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	998,018	254,896	1,252,914
Deferred inflows - OPEB related	3,846,152	362,454	4,208,606
Total deferred inflows of resources	<u>4,844,170</u>	<u>617,350</u>	<u>5,461,520</u>
Net Position			
Net investment in capital assets	27,369,619	783,716	28,153,335
Restricted for:			
Capital projects	478,599	-	478,599
Other purposes	342,869	-	342,869
Unrestricted	(8,867,802)	(1,063,271)	(9,931,073)
Total net position	<u>\$ 19,323,285</u>	<u>\$ (279,555)</u>	<u>\$ 19,043,730</u>

The accompanying notes to financial statements are an integral part of this statement.

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE 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
Primary government:							
Governmental activities:							
Instruction	\$ 16,663,857	\$ 10,660	\$ 3,227,459	\$ -	\$ (13,425,738)	\$ -	\$ (13,425,738)
Support services:							
Students	2,809,470	-	300,591	-	(2,508,879)	-	(2,508,879)
Instructional staff	514,987	-	364,436	-	(150,551)	-	(150,551)
District administration	852,128	-	-	-	(852,128)	-	(852,128)
School administration	1,478,746	-	11,158	-	(1,467,588)	-	(1,467,588)
Business and other support services	728,647	-	53,506	-	(675,141)	-	(675,141)
Operation and maintenance of plant	3,258,456	-	57,479	-	(3,200,977)	-	(3,200,977)
Student transportation	2,843,348	45,074	-	-	(2,798,274)	-	(2,798,274)
Food service operations	-	-	-	-	-	-	-
Community services	240,899	-	248,392	-	7,493	-	7,493
Interest expense	1,275,724	-	-	1,661,357	385,633	-	385,633
Total governmental activities	<u>30,666,262</u>	<u>55,734</u>	<u>4,263,021</u>	<u>1,661,357</u>	<u>(24,686,150)</u>	<u>-</u>	<u>(24,686,150)</u>
Business-type activities:							
Food service	1,972,328	136,943	1,782,006	-	-	(53,379)	(53,379)
Total business-type activities	<u>1,972,328</u>	<u>136,943</u>	<u>1,782,006</u>	<u>-</u>	<u>-</u>	<u>(53,379)</u>	<u>(53,379)</u>
Total primary government	<u>\$ 32,638,590</u>	<u>\$ 192,677</u>	<u>\$ 6,045,027</u>	<u>\$ 1,661,357</u>	<u>\$ (24,686,150)</u>	<u>\$ (53,379)</u>	<u>\$ (24,739,529)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 2,782,162	\$ -	\$ 2,782,162
Motor vehicle					488,481	-	488,481
Utilities					691,447	-	691,447
Intergovernmental revenues:							
State					20,421,237	-	20,421,237
Investment earnings					265,462	7,970	273,432
Gain (loss) on disposal of assets					1,829	-	1,829
Other local revenues					979,665	-	979,665
Transfers					12,011	(12,011)	-
Total general revenues and transfers					<u>25,642,294</u>	<u>(4,041)</u>	<u>25,638,253</u>
Change in net position					956,144	(57,420)	898,724
Net position, June 30, 2024, as restated					<u>18,367,141</u>	<u>(222,135)</u>	<u>18,145,006</u>
Net position, June 30, 2025					<u>\$ 19,323,285</u>	<u>\$ (279,555)</u>	<u>\$ 19,043,730</u>

The accompanying notes to financial statements are an integral part of this statement.

LEWIS COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 2,907,430	\$ -	\$ 478,599	\$ 5	\$ 358,336	\$ 3,744,370
Receivables (net of allowances for uncollectibles):						
Property taxes	305,799	-	-	-	-	305,799
Other	149,641	-	-	-	-	149,641
Intergovernmental - state	-	828,322	-	-	-	828,322
Interfund receivable	657,979	-	-	-	-	657,979
Total assets	<u>\$ 4,020,849</u>	<u>\$ 828,322</u>	<u>\$ 478,599</u>	<u>\$ 5</u>	<u>\$ 358,336</u>	<u>\$ 5,686,111</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,399,266	\$ 44,985	\$ -	\$ -	\$ 15,467	\$ 1,459,718
Interfund payable	-	657,979	-	-	-	657,979
Unearned revenue	-	125,358	-	-	-	125,358
Total liabilities	<u>1,399,266</u>	<u>828,322</u>	<u>-</u>	<u>-</u>	<u>15,467</u>	<u>2,243,055</u>
Fund balances:						
Restricted	-	-	478,599	5	342,869	821,473
Committed	16,098	-	-	-	-	16,098
Assigned	114,804	-	-	-	-	114,804
Unassigned	2,490,681	-	-	-	-	2,490,681
Total fund balances	<u>2,621,583</u>	<u>-</u>	<u>478,599</u>	<u>5</u>	<u>342,869</u>	<u>3,443,056</u>
Total liabilities and fund balances	<u>\$ 4,020,849</u>	<u>\$ 828,322</u>	<u>\$ 478,599</u>	<u>\$ 5</u>	<u>\$ 358,336</u>	<u>\$ 5,686,111</u>

The accompanying notes to financial statements are an integral part of this statement.

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

Fund balances - total governmental funds		\$ 3,443,056
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		73,701,833
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds		
Deferred savings from refunding bonds		23,123
Deferred outflows and (inflows) of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows - pension related	676,276	
Deferred inflows - pension related	<u>(998,018)</u>	<u>(321,742)</u>
Deferred outflows and (inflows) of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows - OPEB related	2,065,929	
Deferred inflows - OPEB related	<u>(3,846,152)</u>	<u>(1,780,223)</u>
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds financial statements.		
Net pension liability	(4,640,642)	
Net OPEB liability and asset	(2,699,378)	
Bonds payable	(45,222,418)	
KISTA obligations	(1,611,518)	
Accrued interest payable	(383,682)	
Accrued sick leave	<u>(1,185,124)</u>	<u>(55,742,762)</u>
Net position of governmental activities		<u>\$ 19,323,285</u>

The accompanying notes to financial statements are an integral part of this statement.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
From local sources:						
Taxes -						
Property	\$ 2,050,066	\$ -	\$ -	\$ -	\$ 732,096	\$ 2,782,162
Motor vehicles	488,481	-	-	-	-	488,481
Utility	691,447	-	-	-	-	691,447
Tuition fees	10,660	-	-	-	-	10,660
Transportation fees	45,074	-	-	-	-	45,074
Interest income	195,730	-	69,732	-	-	265,462
Other local revenues	146,923	9,160	-	-	832,742	988,825
Intergovernmental - State	16,792,594	1,184,673	-	1,515,742	1,661,357	21,154,366
Intergovernmental - Indirect federal	-	3,034,111	-	-	-	3,034,111
Intergovernmental - Direct federal	164,945	-	-	-	-	164,945
Total revenues	<u>20,585,920</u>	<u>4,227,944</u>	<u>69,732</u>	<u>1,515,742</u>	<u>3,226,195</u>	<u>29,625,533</u>
Expenditures:						
Current:						
Instruction	10,509,630	3,227,459	-	-	-	13,737,089
Support services:						
Students	1,715,776	300,591	-	-	799,089	2,815,456
Instructional staff	150,551	364,436	-	-	-	514,987
District administration	853,559	-	-	-	-	853,559
School administration	1,528,630	11,158	-	-	-	1,539,788
Business and other support services	703,733	53,506	-	-	-	757,239
Operation and maintenance of plant	2,564,191	57,479	-	-	-	2,621,670
Student transportation	3,348,755	-	-	-	-	3,348,755
Community services	-	248,392	-	-	-	248,392
Facilities acquisition and construction	-	-	3,735,510	-	-	3,735,510
Debt service	558,036	-	-	3,466,533	-	4,024,569
Total expenditures	<u>21,932,861</u>	<u>4,263,021</u>	<u>3,735,510</u>	<u>3,466,533</u>	<u>799,089</u>	<u>34,197,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,346,941)</u>	<u>(35,077)</u>	<u>(3,665,778)</u>	<u>(1,950,791)</u>	<u>2,427,106</u>	<u>(4,571,481)</u>
Other financing sources (uses):						
Proceeds from issuance of debt	614,400	-	-	-	-	614,400
Proceeds from disposal of assets	9,722	-	-	-	-	9,722
Transfers in	454,673	35,077	-	1,950,791	-	2,440,541
Transfers out	(35,077)	-	-	-	(2,393,453)	(2,428,530)
Total other financing sources and uses	<u>1,043,718</u>	<u>35,077</u>	<u>-</u>	<u>1,950,791</u>	<u>(2,393,453)</u>	<u>636,133</u>
Net change in fund balances	(303,223)	-	(3,665,778)	-	33,653	(3,935,348)
Fund balances, June 30, 2024	<u>2,924,806</u>	<u>-</u>	<u>4,144,377</u>	<u>5</u>	<u>309,216</u>	<u>7,378,404</u>
Fund balances, June 30, 2025	<u>\$ 2,621,583</u>	<u>\$ -</u>	<u>\$ 478,599</u>	<u>\$ 5</u>	<u>\$ 342,869</u>	<u>\$ 3,443,056</u>

The accompanying notes to financial statements are an integral part of this statement.

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

Net change in fund balances - total governmental funds \$ (3,935,348)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Book value of disposed assets	(7,893)	
Capital outlay	4,743,180	
Depreciation expense	<u>(3,169,730)</u>	1,565,557

Bond and KISTA proceeds, including related premiums and discounts, are recognized as revenues in the fund financial statement, but are increases in liabilities in the statement of net position.

Bond and KISTA proceeds	(614,400)
-------------------------	-----------

Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Long-term portion of accrued sick leave	(151,911)
Amortization of deferred savings from refunding bonds	(25,601)
Amortization of discounts and premiums	(1,991)
Accrued interest payable	(843)

Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB, and investment experience.

KTRS on-behalf revenue	1,983,033	
KTRS on-behalf pension	(1,669,270)	
CERS pension and OPEB contributions	100,062	
Pension and OPEB expense	<u>929,576</u>	1,343,401

Bond and KISTA payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.

2,777,280

Change in net position of governmental activities

\$ 956,144

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	<u>Food Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 50,732
Accounts receivable	-
Inventories	<u>27,186</u>
Total current assets	<u>77,918</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	783,716
Net OPEB asset	<u>91,921</u>
Total noncurrent assets	<u>875,637</u>
Total assets	<u>953,555</u>
Deferred Outflows of Resources	
Deferred outflows - pension related	172,722
Deferred outflows - OPEB related	<u>48,480</u>
Total deferred outflows of resources	<u>221,202</u>
Total assets and deferred outflows	<u>\$ 1,174,757</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>\$ 1,689</u>
Total current liabilities	<u>1,689</u>
Long-term liabilities:	
Net pension liability	<u>835,273</u>
Total liabilities	<u>836,962</u>
Deferred Inflows of Resources	
Deferred inflows - pension related	254,896
Deferred inflows - OPEB related	<u>362,454</u>
Total deferred inflows of resources	<u>617,350</u>
Net Position	
Net investment in capital assets	783,716
Unrestricted	<u>(1,063,271)</u>
Total net position	<u>(279,555)</u>
Total liabilities, deferred inflows, and net position	<u>\$ 1,174,757</u>

The accompanying notes to financial statements are an integral part of this statement.

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

	<u>Food Service Fund</u>
Operating revenues:	
Lunchroom sales	\$ 136,943
Revenue from state sources (on-behalf)	180,962
Total operating revenues	<u>317,905</u>
Operating expenses:	
Salaries and wages	662,553
Employee benefits	103,304
Materials and supplies	952,231
Depreciation	89,690
Other operating expenses	164,550
Total operating expenses	<u>1,972,328</u>
Operating income (loss)	<u>(1,654,423)</u>
Nonoperating revenues (expenses):	
Federal grants	1,493,512
Investment income	7,970
Donated commodities	107,532
Transfers in	-
Transfers out	(12,011)
State grants	-
Total nonoperating revenues (expenses)	<u>1,597,003</u>
Decrease in net position	(57,420)
Net position, June 30, 2024	<u>(222,135)</u>
Net position, June 30, 2025	<u>\$ (279,555)</u>

The accompanying notes to financial statements are an integral part of this statement.

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

	<u>Food Service Fund</u>
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	\$ 317,905
Cash paid to/for:	
Payments to suppliers and providers of goods and services	(841,786)
Payments to employees	(1,008,317)
Other payments	(164,550)
Net cash used for operating activities	<u>(1,696,748)</u>
 Cash flows from noncapital financing activities:	
Government grants	1,501,937
Transfers out	(12,011)
Net cash provided by noncapital and related financing activities	<u>1,489,926</u>
 Cash flows from capital and related financing activities:	
Purchases of capital assets	(98,550)
Net cash used for capital and related financing activities	<u>(98,550)</u>
 Cash flows from investing activities:	
Interest received on investments	7,970
Net cash provided by investing activities	<u>7,970</u>
 Net decrease in cash and cash equivalents	(297,402)
 Cash and cash equivalents, June 30, 2024	<u>348,134</u>
 Cash and cash equivalents, June 30, 2025	<u>\$ 50,732</u>
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (1,654,423)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	89,690
Donated commodities	107,532
Net pension adjustment	(157,125)
Net OPEB adjustment	(85,335)
Change in assets and liabilities:	
Inventory	1,914
Accounts payable	999
 Net cash provided by (used for) operating activities	<u>\$ (1,696,748)</u>
 Non-cash items:	
Donated commodities	\$ 107,532
On-behalf payments	180,962

The accompanying notes to financial statements are an integral part of this statement.

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes -				
Property	\$ 1,780,300	\$ 1,780,300	\$ 2,050,066	\$ 269,766
Motor vehicles	400,000	400,000	488,481	88,481
Utilities	500,000	500,000	691,447	191,447
Tuition fees	19,000	19,000	10,660	(8,340)
Transportation fees	35,000	35,000	45,074	10,074
Interest income	50,000	50,000	195,730	145,730
Other local revenues	50,000	50,000	146,923	96,923
Intergovernmental - State	17,036,642	17,036,642	16,792,594	(244,048)
Intergovernmental - Direct federal	161,767	161,767	164,945	3,178
Total revenues	<u>20,032,709</u>	<u>20,032,709</u>	<u>20,585,920</u>	<u>553,211</u>
Expenditures:				
Current:				
Instruction	10,456,981	11,012,075	10,509,630	502,445
Support services:				
Students	1,770,637	1,771,587	1,715,776	55,811
Instructional staff	340,906	217,992	150,551	67,441
District administration	578,254	672,042	853,559	(181,517)
School administration	1,516,836	1,514,859	1,528,630	(13,771)
Business and other support services	751,858	667,036	703,733	(36,697)
Operation and maintenance of plant	2,260,921	2,240,660	2,564,191	(323,531)
Student transportation	2,744,384	2,826,985	3,348,755	(521,770)
Community services	1,123	1,123	-	1,123
Debt service	540,000	558,037	558,036	1
Contingency	1,653,988	1,613,499	-	1,613,499
Total expenditures	<u>22,615,888</u>	<u>23,095,895</u>	<u>21,932,861</u>	<u>1,163,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,583,179)</u>	<u>(3,063,186)</u>	<u>(1,346,941)</u>	<u>1,716,245</u>
Other financing sources (uses):				
Proceeds from disposal of assets	20,000	20,000	9,722	(10,278)
Proceeds from issuance of debt	-	-	614,400	614,400
Transfers in	650,179	650,179	454,673	(195,506)
Transfers out	-	-	(35,077)	(35,077)
Total other financing sources and uses	<u>670,179</u>	<u>670,179</u>	<u>1,043,718</u>	<u>373,539</u>
Net change in fund balances	(1,913,000)	(2,393,007)	(303,223)	2,089,784
Fund balances, June 30, 2024	<u>1,913,000</u>	<u>2,393,007</u>	<u>2,924,806</u>	<u>531,799</u>
Fund balances, June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,621,583</u>	<u>\$ 2,621,583</u>

The accompanying notes to financial statements are an integral part of this statement.

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local revenues	\$ -	\$ 22,015	\$ 9,160	\$ (12,855)
Intergovernmental - State	-	1,190,785	1,184,673	(6,112)
Intergovernmental - Indirect federal	-	2,352,040	3,034,111	682,071
Total revenues	-	<u>3,564,840</u>	<u>4,227,944</u>	<u>663,104</u>
Expenditures:				
Current:				
Instruction	-	2,526,220	3,227,459	(701,239)
Support services:				
Students	-	282,356	300,591	(18,235)
Instructional staff	-	342,352	364,436	(22,084)
School administration	-	17,000	11,158	5,842
Business	-	-	53,506	(53,506)
Operation and maintenance of plant	-	143,572	57,479	86,093
Community services	-	256,583	248,392	8,191
Total expenditures	-	<u>3,568,083</u>	<u>4,263,021</u>	<u>(694,938)</u>
Excess (deficiency) of revenues over expenditures	-	<u>(3,243)</u>	<u>(35,077)</u>	<u>(31,834)</u>
Other financing sources (uses):				
Transfers in	-	-	35,077	35,077
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	<u>35,077</u>	<u>35,077</u>
Net change in fund balances	-	(3,243)	-	3,243
Fund balances, June 30, 2024	-	3,243	-	-
Fund balances, June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,243</u>

The accompanying notes to financial statements are an integral part of this statement.

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(1) REPORTING ENTITY

The Lewis County School District (District) is the basic level of government, which has financial accountability and control over all activities related to the public school education within the jurisdiction of the Lewis County School District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In accordance with GASB Standard 14, financial transactions of the following component unit are incorporated in the accompanying financial statements.

Lewis County School District Finance Corporation - The Lewis County School District resolved to authorize the establishment of the Lewis 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 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Lewis County Board of Education also comprise the Corporation's Board of Directors.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lewis County School District substantially comply with accounting principles generally accepted in the United States and the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

Fund Financial Statements:

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

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate

set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The District uses the following funds:

Governmental Fund Types:

General Fund - The General Fund is the primary operating fund of the District and 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 fund are accounted for in this fund. This is a major fund of the District.

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

1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor, at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
2. The District Activity Funds is a special revenue fund used to account for funds collected at individual schools for operational cost of the school or school district that allows for more flexibility in the expenditure of those funds.
3. The School Activity Fund is a special revenue fund used to account for funds collected at individual schools for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

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 the Proprietary Fund).

1. The Construction Fund is used to account for all resources including proceeds from bond sales for the authorized acquisition and construction of capital facilities. This is a major fund of the District.
2. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives \$100 per the District's adjusted average daily attendance restricted for use in financing projects as identified in the District's facility plan.
3. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, as applicable. Funds may be used for projects identified in the District's facility plan.

Debt Service Fund - 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.

Proprietary Fund Type

The District utilizes the proprietary fund type to account for the major fund: Food Service. 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

USDA commodities on the financial statements.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. 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.

Basis of Accounting

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

Exchange and Non-exchange transactions - There are two types of transactions: exchange and non-exchange. The method of determining revenue recognition (i.e., accrual v. modified accrual) depends upon the type of exchange as well as source of revenue. Exchange transactions occur when each party receives essentially equal value. Non-exchange transactions occur when one party receives value without directly giving equal value in return.

Modified Accrual - Revenue from non-exchange transactions (e.g., grants, entitlements and donations) must be available to be recognized. These sources of revenue are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenues from exchange transactions are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the District, "available" means within sixty days of June 30. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Under the modified accrual basis of accounting, 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.

Accrual - Under the accrual basis of accounting, revenues are recorded when an exchange takes place. Expenses are recognized at the time they are incurred.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Kentucky Law, appropriations lapse at fiscal year-end. Encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

In-Kind

The District receives commodities from the USDA. The amounts of such commodities are recorded in the accompanying financial statements at their estimated fair market values.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the proprietary fund type considers highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory using the accrual basis of accounting. Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position.

Budgetary Process

The District is required by state law to adopt annual budgets. Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than \$50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that the direct financing capital lease obligation was not budgeted in the General Fund.

Fund Balances

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and

deferred inflows of resources. 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 there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, those revenues are primarily charges for meals provided by the various schools and on-behalf revenues for operating expenses. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials, labor and direct overhead. Other expenses are nonoperating.

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.

Accumulated Unpaid Sick Leave Benefits

Under the District's policy, 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. In addition, based on historical usage patterns, employees are more likely than not to use an additional 5% of accumulated sick leave for illness prior to retirement. This results in a total utilization rate of 30% for recognition under GASB Statement No. 101, *Compensated Absences*.

In accordance with GASB Statement No. 101, *Compensated Absences*, sick leave benefits are accrued as a liability when earned, accumulate from year to year, and are more likely than not to be used or paid. The liability includes:

- The portion of accumulated sick leave expected to result in termination payments at retirement (30%).
- The portion expected to be used prior to termination (5%).

The liability is measured using the employee's current pay rate at the financial statement date and includes applicable salary-related payments:

- Certified employees: Employer share of Medicare tax (1.45%) only, as these employees are not subject to Social Security.
- Classified employees: Employer share of both Social Security (6.2%) and Medicare (1.45%).

The entire compensated absences liability is reported in the government-wide financial statements. For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position.

The District has the option of funding up to 50% of the total amount accrued as a reservation of the General Fund balance. At June 30, 2025, the District had committed \$16,098 for sick leave payout.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles, (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District adopted GASB 101 in the current fiscal year. As a result of this adoption, beginning net position was decreased by \$814,750 to recognize additional compensated absences liabilities in accordance with the new standard.

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASB 102"), which aims to enhance the transparency of financial reporting by requiring disclosures about risks that state and local governments face due to certain concentrations or constraints. A concentration is defined as a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by an external party or by the government's highest level of decision-making authority. Governments

must disclose information about these risks if they are vulnerable to a substantial impact from them. The disclosures should include the nature of the concentration or constraint, any associated events that could cause a substantial impact, and actions taken to mitigate the risk. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. Adoption of this statement did not have a material impact on the financial statements.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103") with the objective to enhance the effectiveness of the financial reporting model for decision-making and assessing government accountability. The improvements target the following established accounting and financial reporting requirements:

- Management's discussion and analysis;
- Unusual or infrequent items (previously known as extraordinary and special items);
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
- Major component unit information; and
- Budgetary comparison information.

The effective date for GASB 103 is for fiscal years beginning after June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which enhances financial reporting transparency by requiring separate note disclosures for certain types of capital assets, including a) Lease assets under GASB Statement No. 87, b) Subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, c) Intangible right-to-use assets under GASB Statement No. 94, d) Other intangible assets not otherwise separately reported, and e) Capital assets held for sale. The provisions of GASB 104 are effective for fiscal years beginning after June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

(3) CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents consist of amounts deposited in interest bearing accounts. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2025, the carrying amount of the District's combined deposits (cash and cash equivalents) was \$3,795,102 and the combined bank balances totaled \$4,544,541. Of the total cash balance, \$866,930 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

Custodial credit risk is the risk that in the event of a depository institution failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). All deposits meet current guidelines.

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

- Category 1 Deposits that are insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District’s cash deposits are classified as Category 2.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Education Building Fund, Special Revenue (Grant) Funds, Bond and Interest Redemption Fund, School Food Service Funds, and School Activity Funds.

Investments

During the year, the District invested excess cash into short-term United States Government obligations. In compliance with Kentucky Statutes, the District’s investment policy 04.6 specifies that the District’s investment objectives, in order of priority, are the following:

1. Legality
2. Safety of principal
3. Liquidity to enable the District to meet all operating requirements
4. Return on Investment

Credit Risk—Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In an effort to minimize the likelihood that an issuer will default, the District has limited the number of permissible investments under its investment policy to certain highly rated investments. In accordance with this policy, the District is authorized to invest in the following:

- a. Obligations of the United States and of its agencies, national corporations, and instrumentalities, including repurchase agreements
- b. Certificates of deposit issued by banks or savings and loan institutions
- c. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities
- d. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, but only if fully defeased by direct obligations of or guaranteed by the United States of America
- e. Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits.

The complete investment policy 04.6 is available at <http://policy.ksba.org/Chapter.aspx?distid=156>. Investments consist of U.S. Government obligations and money market funds and are stated at fair value. As of June 30, 2025, the District had the following investments which are considered cash equivalents:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Interest</u>	<u>Moody’s Rating</u>
Money Market Funds	\$ 1,227,022	WAM – 19 days	5.43%	Aaa-mf

Fair Value Measurements - The District’s investments are measured and reported at fair value and are classified according to the following hierarchy:

- Level 1: Investments reflect prices quoted in active markets.
- Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3: Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Investments in U.S. Treasury notes and money market funds are valued based on quoted market prices (Level 1 inputs). The District does not have any investments that are measured using Level 2 or Level 3 inputs.

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2025:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 1,227,022	-	-	\$ 1,227,022
Total	\$ 1,227,022	\$ -	\$ -	\$ 1,227,022

(4) PROPERTY TAXES

Revenues and other governmental fund financial resource increments (i.e. bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual; that is, when they become measurable and available to finance expenditures of the fiscal periods. Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, collection date is the period from November 1 through December 31. Collections from the period November 1 through November 30 receive a two percent discount. The due date is the period from December 1 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien filed by the County Attorney.

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were \$.479 per \$100 valuation for real property, \$.479 per \$100 valuation for business personal property and \$.490 per \$100 valuation for motor vehicles. In addition, the District assessed a nickel levy in the amount of \$.065 per \$100 valuation for construction purposes, only.

(5) CAPITAL ASSETS

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

All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Life in Years</u>
Buildings and Improvements	40
Land Improvements	20
Technology Equipment	5

Vehicles	5-14
Food Service Equipment	7
Furniture and Fixtures	7
Other	10

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

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
<u>Governmental Activities</u>				
Capital Assets, Not Depreciated:				
Land	\$ 271,111	\$ -	\$ -	\$ 271,111
Construction in progress	10,163,926	3,796,833	13,960,759	-
Capital Assets, Depreciated:				
Land improvements	1,977,517	-	-	1,977,517
Buildings and improvements	77,222,437	13,960,759	-	91,183,196
Technology equipment	2,657,163	160,823	11,703	2,806,283
Vehicles	5,918,382	602,807	29,267	6,491,922
General equipment	851,204	182,717	25,771	1,008,150
Totals	<u>99,061,740</u>	<u>18,703,939</u>	<u>14,027,500</u>	<u>103,738,179</u>
Less: accumulated depreciation				
Land improvements	1,697,191	50,165	-	1,747,356
Buildings and improvements	20,361,350	2,319,845	-	22,681,195
Technology equipment	1,632,881	233,316	9,206	1,856,991
Vehicles	2,825,646	500,543	29,267	3,296,922
General equipment	408,396	65,861	20,375	453,882
Total accumulated depreciation	<u>26,925,464</u>	<u>3,169,730</u>	<u>58,848</u>	<u>30,036,346</u>
Governmental Activities				
Capital Assets - Net	<u>\$72,136,276</u>	<u>\$15,534,209</u>	<u>\$13,968,652</u>	<u>\$73,701,833</u>
	Balance			Balance
	June 30, 2024	Additions	Deductions	June 30, 2025
<u>Business-Type Activities</u>				
Food service equipment	\$ 1,231,532	\$ 98,550	\$ -	\$ 1,330,082
Food service technology	14,346	-	-	14,346
	<u>1,245,878</u>	<u>98,550</u>	<u>-</u>	<u>1,344,428</u>
Less: accumulated depreciation				
Food service equipment	460,504	88,961	-	549,465
Food service technology	10,518	729	-	11,247
	<u>471,022</u>	<u>89,690</u>	<u>-</u>	<u>560,712</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 774,856</u>	<u>\$ 8,860</u>	<u>\$ -</u>	<u>\$ 783,716</u>

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 1,764,790
Student support services	6,912
District administration	15,824
School administration	26,592
Business support services	1,078
Plant operation & maintenance	837,446
Student transportation	517,088
	<u>\$ 3,169,730</u>

(6) LONG-TERM DEBT

The District is required to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Lewis County School District Finance Corporation to construct school facilities. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in accordance with state law.

The maturity date, original amounts of the issue and interest rates are summarized below:

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>
Issue of 2012	\$ 1,110,000	1.00-3.375%
Issue of 2012R	2,070,000	1.10-2.25%
Issue of 2015R	1,480,000	2.00-2.50%
Issue of 2016R	1,095,000	1.15-2.50%
Issue of 2016R2	2,225,000	2.00-2.50%
Issue of 2017	920,000	2.00-3.70%
Issue of 2017B	15,430,000	1.00-3.45%
Issue of 2021	14,875,000	0.40-1.70%
Issue of 2021B	16,300,000	0.42-2.22%
Issue of 2023A	2,870,000	4.125-4.25%
	<u>\$ 58,375,000</u>	

The District has entered into “participation agreements” with the School Facilities Construction Commission (the “Commission”). The Kentucky General Assembly created the Commission for the purposes 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 bonds issued. The liability for the total bond amount remains with the District and, as such, the total principal outstanding. The District is liable for all issues; however, School Facilities Construction Commission participates by contributing those portions of debt that are appropriated in the State’s biennial budget.

A summary of activity in bond obligations and other debts is as follows:

<u>Description</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 47,545,000	\$ -	\$ 2,325,000	\$ 45,220,000	\$ 2,360,000
Premium (Discount) on bonds	427	-	(1,991)	2,418	-
KISTA notes with interest rates ranging from 1.00% to 3.75%	1,449,398	614,400	452,280	1,611,518	354,086
Accumulated unpaid sick leave benefits	1,033,213	151,911	-	1,185,124	23,702
	<u>\$ 50,028,038</u>	<u>\$ 766,311</u>	<u>\$ 2,775,289</u>	<u>\$ 48,019,060</u>	<u>\$ 2,737,788</u>

Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent.

Year	Lewis County School District		School Facilities Construction Commission		Total
	Principal	Interest	Principal	Interest	
2026	\$ 1,259,571	\$ 693,619	\$ 1,100,429	\$ 399,359	\$ 3,452,978
2027	1,286,896	664,840	1,058,104	375,522	3,385,362
2028	1,318,119	633,638	1,036,881	350,683	3,339,321
2029	1,352,136	600,407	1,052,864	325,914	3,331,321
2030	1,379,888	569,847	1,055,112	300,699	3,305,546
2031-2035	7,425,530	2,331,018	5,454,470	1,109,094	16,320,112
2036-2040	8,372,937	1,380,702	5,007,063	441,694	15,202,396
2041-2044	5,550,390	286,351	1,509,610	33,793	7,380,144
	<u>\$ 27,945,467</u>	<u>\$ 7,160,422</u>	<u>\$ 17,274,533</u>	<u>\$ 3,336,758</u>	<u>\$ 55,717,180</u>

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 shown below.

Future minimum debt service on KISTA lease obligations, at June 30, 2025, is as follows:

Year	Principal	Interest	Total
2026	\$ 354,086	\$ 43,538	\$ 397,624
2027	311,775	34,261	346,036
2028	296,480	26,210	322,690
2029	213,405	18,624	232,029
2030	143,053	13,454	156,507
2031-2034	292,719	25,421	318,140
	<u>\$ 1,611,518</u>	<u>\$ 161,508</u>	<u>\$ 1,773,026</u>

Net Pension Liability

The net pension liability is \$4,640,642 and \$835,273 for governmental activities and business-type activities, respectively, at June 30, 2025. See Note (7) for more detailed information.

Net OPEB Liability (Asset)

The net OPEB liability is \$2,766,000 for governmental activities, at June 30, 2025. The net OPEB (asset) is \$66,622 and \$91,921 for governmental activities and business-type activities, respectively, at June 30, 2025. See Note (8) for more detailed information.

(7) RETIREMENT PLANS

Kentucky Teachers Retirement System

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

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

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

Non-university members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002, will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than 10 years. New members after July 1, 2002, who retire with 10 or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first 10 years. In addition, non-university members who retire July 1, 2004, and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

For Members On or After July 1, 2008, and Before Jan. 1, 2022: Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 60 and complete five years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

For Members On or After Jan. 1, 2022: To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 57 and complete 10 years of Kentucky service, or
- 2.) Attain age 65 and complete five years of Kentucky service.

Foundational Benefit - The annual foundational benefit for members is equal to service times a multiplier times final average salary. The final average salary is the member's five highest annual salaries. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

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

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before Jan. 1, 2022, non-university members are required to contribute 12.855% of their salaries to the system; university members are required to contribute 10.4% of their salaries. KRS 161.565 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 8.185% of their salary to TRS. For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after Jan. 1, 2022, non-university members contribute 14.75% and university members contribute 9.775% of their salaries to the system. Employers of non-university members, including the state (as a non-employer contributing entity), contribute 10.75% of salary. University employers contribute 9.775% of member's salary to the system.

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

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

related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net Pension liability	\$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	39,616,736
	<u>\$ 39,616,736</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2024, the District's proportion was 0.2409%.

For the year ended June 30, 2025, the District recognized pension expense of \$4,844,460 and revenue of \$4,844,460 for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.94%
Inflation	2.5%
Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

Changes of Assumptions: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members.

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate: The discount rate used to measure the total pension liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution (ADC) rates for all future fiscal years. 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.

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

	<u>1% Decrease (6.10%)</u>	<u>Current discount rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
Commonwealth's proportionate share of the Net Pension liability associated with the District	\$ 51,612,000	\$ 39,616,736	\$ 29,609,000

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

County Employees Retirement System

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2025, employers were required to contribute 19.71% (19.71% pension, 0.00% insurance) of the member's salary. During the year ending June 30, 2025, the District contributed \$583,954 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2024. At June 30 2024, the District's proportion was 0.09156%.

For the year ended June 30, 2025, the District recognized pension expense of approximately \$228,076. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 265,044	\$ -
Changes of assumptions	-	247,404
Net difference between projected and actual earnings on investments	-	352,072
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	583,954	653,438
	<u>\$ 848,998</u>	<u>\$ 1,252,914</u>

The \$583,954 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

<u>Year</u>	
2026	\$ (722,506)
2027	(51,560)
2028	(135,340)

2029

(78,464)
\$ (987,870)

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Payroll growth	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	<u>13.00%</u>	5.35%
Total	<u>100.00%</u>	4.69%

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the

discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current discount rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
District's proportionate share of the net pension liability	\$ 7,059,349	\$ 5,475,915	\$ 4,162,082

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

Payables to the pension plan: At June 30, 2025, there were no payables to the pension plan.

(8) OTHER POSTEMPLOYMENT BENEFIT (“OPEB”) PLANS

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

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

Contributions: In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. During the year ending June 30, 2025, the District contributed \$229,108 to the medical insurance plan.

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

At June 30, 2025, the District reported a liability of \$2,766,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District’s proportion was 0.234679%.

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

District’s proportionate share of the net OPEB liability	\$ 2,766,000
Commonwealth’s proportionate share of the Net OPEB liability associated with the District	<u>2,465,000</u>
	<u>\$ 5,231,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$(279,596) and revenue of \$229,596 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of 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	\$ -	\$ 831,000
Changes of assumptions	705,000	-
Net difference between projected and actual earnings on investments	-	89,000
Changes in proportion and differences between District contributions and proportionate share of contributions	942,000	1,507,000
District contributions subsequent to the measurement date	<u>229,108</u>	<u>-</u>
	<u>\$ 1,876,108</u>	<u>\$ 2,427,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$229,108 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

<u>Year</u>	
2026	\$ (238,000)
2027	(56,000)
2028	(63,000)
2029	(203,000)
2030	(189,000)
Thereafter	<u>(31,000)</u>
	<u>\$ (780,000)</u>

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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	
All ages	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5.92% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs was included with experience in the TOL roll forward.

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

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

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

Private Equity	8.5%	8.0%
Cash	<u>1.0%</u>	1.6%
Total	<u><u>100.0%</u></u>	

Discount rate - The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. In addition to the actuarial methods and assumptions of the June 30, 2023 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
 - Employee contributions
 - School District/University Contributions
 - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

- In developing the adjustments to the statutory contributions in future years, the following was assumed:
 - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
 - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

	<u>1% Decrease (6.10%)</u>	<u>Current discount rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the net OPEB liability	\$ 3,675,000	\$ 2,766,000	\$ 2,013,000

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

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 1,869,000	\$ 2,766,000	\$ 3,882,000

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

Life Insurance Plan

Plan description - Life Insurance Plan: TRS administers the life insurance plan as provided by Kentucky Revised 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 is contributed by the state.

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

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

District's proportionate share of the net OPEB liability	\$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	56,000
	\$ 56,000

The net OPEB liability was measured as of June 30, 2024, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2024, the District's proportion was 0.22942%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$-0- and revenue of \$6,873 for support provided by the State.

Actuarial methods and assumptions - The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2023, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll-forward, while the change in initial per capita claims costs was included with experience in the TOL roll-forward.

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

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

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

Discount rate - The discount rate used to measure the total OPEB liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed

as of June 30, 2023. In addition to the actuarial methods and assumptions of the June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance Trust’s funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not contribute to the plan.
- Cash flows occur midyear.

Based on these assumptions, the Life Insurance Trust’s fiduciary net position was not projected to be depleted.

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth’s proportionate share of the net OPEB liability	\$ 96,450	\$ 56,000	\$ 23,692

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

County Employees Retirement System Insurance Fund

Plan description: The County Employees Retirement System (“CERS”) Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. The CERS Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems’ (KRS) board of trustees.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. The report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

Benefits provided: CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, KRS pays a percentage of the monthly contribution rate for insurance coverage based on the retired member’s years of service and type of service. Non-hazardous members receive a contribution subsidy for only the member’s health insurance premium.

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2025, CERS allocated 0.00% of the 19.71% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2025, the District contributed \$-0- to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Implicit Subsidy: The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CERS Insurance Fund

At June 30, 2025, the District reported a liability (asset) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability (asset) was based on contributions to CERS during the fiscal year ended June 30, 2024. At June 30, 2024, the District's proportion was 0.09165%.

For the year ended June 30, 2025, the District recognized OPEB expense of approximately \$449,020 including an implicit subsidy of \$43,118. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of 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	\$ 87,958	\$ 1,247,423
Changes of assumptions	143,659	111,869
Net difference between projected and actual earnings on investments	-	144,680
Changes in proportion and differences between District contributions and proportionate share of contributions	6,684	277,634
District contributions subsequent to the measurement date	-	-
	<u>\$ 238,301</u>	<u>\$ 1,781,606</u>

Of the total amount reported as deferred outflows of resources related to 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, 2026.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

<u>Year</u>	
2026	\$ (595,444)
2027	(485,393)
2028	(427,746)
2029	(34,722)
	<u>\$ (1,543,305)</u>

Actuarial Methods and 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:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Payroll Growth Rate	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.1% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
Post-65	Initial trend starting at 8.00% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010.

Assumption Changes - The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		

Real Estate	7.00%	4.90%
Real Return	<u>13.00%</u>	5.35%
Total	<u>100.00%</u>	4.69%

Discount rate - The discount rate used to measure the total OPEB liability was 5.99%. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans' actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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 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:

	<u>1% Decrease (4.99%)</u>	<u>Current discount rate (5.99%)</u>	<u>1% Increase (6.99%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ 214,368	\$ (158,543)	\$ (472,088)

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

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ (381,436)	\$ (158,543)	\$ 101,111

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

Payables to the OPEB plan: At June 30, 2025, there were no payables to the OPEB plan.

(9) INSURANCE AND RELATED ACTIVITIES

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

(10) COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal and State government agencies. 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 grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements.

(11) RISK MANAGEMENT

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

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

(12) COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. It is management's opinion that the District is in compliance with the COBRA requirements.

(13) INTERFUND TRANSACTIONS

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 657,979

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Food Service	General Fund	Indirect Cost	\$ 12,011
Debt Service	Building (FSPK)	Debt Service	Debt Service	1,768,224
Operating	Capital Outlay	Debt Service	Debt Service	182,567
Operating	General Fund	Special Revenue	Technology Match	35,077
Operating	Building (FSPK)	General Fund	Debt Service	442,662

(14) ON-BEHALF PAYMENTS

For the year ended June 30, 2025, total payments of \$7,337,811 were made by the Commonwealth of Kentucky on behalf of the District for life insurance, health insurance, and KTRS matching and administrative fees, and SFCC debt service. These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense accounts on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures, and Changes in Fund Balance.

On-behalf payments at June 30, 2025 consisted of the following:

Teacher Retirement	\$ 2,574,958
Teacher Retirement – Health & Life	236,469
Health Insurance	2,995,591
Life Insurance	3,778
Administrative Fee	30,196
HRA/Dental/Vision	130,462
Federal Reimbursement	(207,204)
Technology	57,819
SFCC Debt Service	1,515,742
Total on-behalf	<u><u>\$ 7,337,811</u></u>

(15) FUND DEFICIT

As of June 30, 2025, the Food Service Fund had a negative net position of \$279,555. This deficit resulted from the fund’s proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

(16) RESTATEMENT OF BEGINNING NET POSITION

The beginning net position of the governmental activities has been restated as follows:

During the fiscal year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of this new accounting principle required a change in the method of recognizing liabilities for compensated absences. As a result, the beginning net position was decreased by \$814,750.

The cumulative effect of these adjustments is as follows:

	Governmental Activities
Beginning Net Position, as previously reported	<u>\$19,181,891</u>
Implementation of GASB 101	(814,750)
Beginning Net Position, as restated	<u><u>\$18,367,141</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0.09156%	0.10054%	0.11248%	0.11240%	0.11052%	0.10951%	0.10687%	0.11113%	0.12029%	0.12124%
District's proportionate share of the net pension liability	\$ 5,475,915	\$ 6,450,901	\$ 8,130,978	\$ 7,166,382	\$ 8,476,409	\$ 7,701,817	\$ 6,508,831	\$ 6,505,015	\$ 5,922,830	\$ 5,212,702
District's covered payroll	\$ 3,012,412	\$ 2,907,491	\$ 3,116,065	\$ 2,939,503	\$ 2,928,570	\$ 2,869,587	\$ 2,649,178	\$ 2,705,837	\$ 2,869,639	\$ 2,878,981
District's proportionate share of the net pension liability as a percentage of its covered payroll	181.778%	221.872%	260.937%	243.796%	289.439%	268.395%	245.692%	240.407%	206.396%	181.061%
Plan fiduciary net position as a percentage of the total pension liability	61.610%	57.480%	52.420%	57.330%	47.810%	50.450%	53.540%	53.324%	55.500%	59.970%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0.2409%	0.2607%	0.2683%	0.2625%	0.2582%	0.2703%	0.2652%	0.2742%	0.2983%	0.2890%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 39,616,736	\$ 44,425,304	\$ 45,456,619	\$ 34,162,188	\$ 36,589,648	\$ 36,878,943	\$ 34,721,621	\$ 73,991,272	\$ 88,012,097	\$ 67,250,939
Total	\$ 39,616,736	\$ 44,425,304	\$ 45,456,619	\$ 34,162,188	\$ 36,589,648	\$ 36,878,943	\$ 34,721,621	\$ 73,991,272	\$ 88,012,097	\$ 67,250,939
District's covered payroll	\$ 10,380,265	\$ 10,368,090	\$ 9,703,438	\$ 9,624,955	\$ 9,656,733	\$ 9,421,756	\$ 9,595,150	\$ 9,990,966	\$ 9,698,343	\$ 9,698,343
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	60.360%	57.680%	56.410%	65.590%	58.270%	58.800%	59.300%	39.830%	35.220%	42.490%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	\$ 583,954	\$ 703,097	\$ 680,353	\$ 659,671	\$ 567,324	\$ 565,214	\$ 465,447	\$ 383,624	\$ 377,470	\$ 356,400
Contributions in relation to the contractually required contribution	583,954	703,097	680,353	659,671	567,324	565,214	465,447	383,624	377,470	356,400
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 2,962,730	\$ 3,012,412	\$ 2,907,491	\$ 3,116,065	\$ 2,939,503	\$ 2,928,570	\$ 2,869,587	\$ 2,649,178	\$ 2,705,837	\$ 2,869,639
District's contributions as a percentage of its covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 9,976,786	\$ 10,380,265	\$ 10,368,090	\$ 9,703,438	\$ 9,624,955	\$ 9,656,733	\$ 9,421,756	\$ 9,595,150	\$ 9,990,966	\$ 9,698,343
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:								
District's proportion of the net OPEB liability (asset)	0.09165%	0.10053%	0.11246%	0.11237%	0.11048%	0.10948%	0.10687%	0.11113%
District's proportionate share of the net OPEB liability (asset)	\$ (158,543)	\$ (138,800)	\$ 2,219,354	\$ 2,151,344	\$ 2,667,828	\$ 1,841,421	\$ 1,897,420	\$ 2,234,174
District's covered payroll	\$ 3,012,412	\$ 2,907,491	\$ 3,116,065	\$ 2,939,503	\$ 2,928,570	\$ 2,869,587	\$ 2,649,178	\$ 2,705,837
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.263%	-4.774%	71.223%	73.187%	91.097%	64.170%	71.623%	82.569%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:								
District's proportion of the net OPEB liability	0.23468%	0.25391%	0.25860%	0.25490%	0.25076%	0.26232%	0.25668%	0.26480%
District's proportionate share of the net OPEB liability	\$ 2,766,000	\$ 3,356,000	\$ 4,832,000	\$ 3,018,000	\$ 3,514,000	\$ 4,247,000	\$ 4,784,000	\$ 5,197,000
State's proportionate share of the net OPEB liability associated with the District	<u>2,465,000</u>	<u>2,828,000</u>	<u>1,587,000</u>	<u>2,451,000</u>	<u>2,815,000</u>	<u>3,430,000</u>	<u>4,123,000</u>	<u>4,245,000</u>
Total	<u>\$ 5,231,000</u>	<u>\$ 6,184,000</u>	<u>\$ 6,419,000</u>	<u>\$ 5,469,000</u>	<u>\$ 6,329,000</u>	<u>\$ 7,677,000</u>	<u>\$ 8,907,000</u>	<u>\$ 9,442,000</u>
District's covered payroll	\$ 9,608,200	\$ 9,136,533	\$ 9,566,033	\$ 8,315,500	\$ 8,196,200	\$ 7,496,200	\$ 8,184,725	\$ 8,323,551
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	28.788%	36.732%	50.512%	36.294%	42.874%	56.655%	58.450%	62.437%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:								
District's proportion of the net OPEB liability	0.22942%	0.24803%	0.25387%	0.24917%	0.24519%	0.25643%	0.25085%	0.25878%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	56,000	70,000	79,000	33,000	85,000	80,000	71,000	57,000
Total	<u>\$ 56,000</u>	<u>\$ 70,000</u>	<u>\$ 79,000</u>	<u>\$ 33,000</u>	<u>\$ 85,000</u>	<u>\$ 80,000</u>	<u>\$ 71,000</u>	<u>\$ 57,000</u>
District's covered payroll	\$ 9,608,200	\$ 9,136,533	\$ 9,566,033	\$ 8,315,500	\$ 8,196,200	\$ 7,496,200	\$ 8,184,725	\$ 8,323,551
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	80.56%	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM									
INSURANCE FUND:									
Contractually required contribution	\$ -	\$ -	\$ 98,564	\$ 180,108	\$ 139,921	\$ 137,301	\$ 150,957	\$ 124,487	\$ 127,980
Contributions in relation to the contractually required contribution	-	-	98,564	180,108	139,921	137,301	150,957	124,487	127,980
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 2,962,730	\$ 3,012,412	\$ 2,907,481	\$ 3,116,065	\$ 2,939,503	\$ 2,928,570	\$ 2,869,587	\$ 2,649,178	\$ 2,705,837
District's contributions as a percentage of its covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.69%	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM									
MEDICAL INSURANCE PLAN:									
Contractually required contribution	\$ 229,108	\$ 288,246	\$ 274,096	\$ 286,981	\$ 249,465	\$ 245,886	\$ 224,886	\$ 245,542	\$ 249,708
Contributions in relation to the contractually required contribution	229,108	288,246	274,096	286,981	249,465	245,886	224,886	245,542	249,708
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,636,933	\$ 9,608,200	\$ 9,136,533	\$ 9,566,033	\$ 8,315,500	\$ 8,196,200	\$ 7,496,200	\$ 8,184,725	\$ 8,323,551
District's contributions as a percentage of its covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,636,933	\$ 9,608,200	\$ 9,136,533	\$ 9,566,033	\$ 8,315,500	\$ 8,196,200	\$ 7,496,200	\$ 8,184,725	\$ 8,323,551
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2025**

(1) CHANGES OF ASSUMPTIONS

KTRS

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

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

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

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

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

CERS

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

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLANS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 6.50%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

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

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	22.9 years
Asset Valuation Method	5-year smoothed fair value
Inflation	2.5%
Salary Increase	3.0% to 7.5%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLANS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

CERS

The following actuarial methods and assumptions were used to determine contribution rates for the year ending June 30, 2023:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years, closed
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

(3) CHANGES OF BENEFITS

KTRS

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

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2019 is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for qualified members who become "totally and permanently disabled" as a result of a duty-related disability. The minimum disability benefit increased from 25% of the member's monthly final rate of pay to 75% of the member's monthly average pay. The insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position. There were no other material plan provision changes since the prior valuation.

Senate Bill 209 passed during the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLANS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025**

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member's Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option. House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – OPEB PLANS
FOR THE YEAR ENDED JUNE 30, 2025**

(1) CHANGES OF ASSUMPTIONS

KTRS

Medical Insurance Plan & Life Insurance Plan: The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2020:

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives.
- The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

For 2022, the health care trend rates were updated to reflect future anticipated experience.

For 2024, the health care trend rates, as well as the morbidity factors, were updated to reflect future anticipated experience.

CERS Insurance Fund

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

**LEWIS COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY
 INFORMATION – OPEB PLANS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2025**

For the June 30, 2020 measurement date, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.9% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

For the June 30, 2022 measurement date, the single discount rates used to calculate the total OPEB liability was changed to 5.70%.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 5.93%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

For the valuation performed as of June 30, 2024, the discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan’s anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

Medical Insurance Plan - The medical insurance plan is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts. For 2022, the KTRS Board of Trustees approved a single contribution amount of up to \$696.84. KTRS will contribute this amount towards insurance costs, less the Shared Responsibility cost of \$148.50.

Life Insurance Plan - The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	23 years, Closed
Asset valuation method	Five-year smoothed fair value
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%, including wage inflation
Discount rate	7.10%

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – OPEB PLANS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2024:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024, gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan – A new benefit tier was added for members joining the System on and after January 1, 2022.

Life Insurance Plan - A new benefit tier was added for members joining the System on and after January 1, 2022.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

**LEWIS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – OPEB PLANS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025**

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

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member’s Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option. House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.

SUPPLEMENTARY INFORMATION

**LEWIS COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Student Activity Fund	Capital Outlay Fund	FSPK Funds	District Activity Fund	Total Non-Major Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 349,414	\$ -	\$ -	\$ 8,922	\$ 358,336
Accounts receivable	-	-	-	-	-
Total assets	<u>\$ 349,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,922</u>	<u>\$ 358,336</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ 15,467	\$ -	\$ -	\$ -	\$ 15,467
Total liabilities	<u>15,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,467</u>
Fund Balances:					
Assigned	-	-	-	-	-
Restricted	333,947	-	-	8,922	342,869
Total fund balance	<u>333,947</u>	<u>-</u>	<u>-</u>	<u>8,922</u>	<u>342,869</u>
Total liabilities and fund balances	<u>\$ 349,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,922</u>	<u>\$ 358,336</u>

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

	Student Activity Fund	Capital Outlay Fund	FSPK Fund	District Activity Fund	Total Non-Major Governmental Funds
REVENUES:					
From local sources -					
Property taxes	\$ -	\$ -	\$ 732,096	\$ -	\$ 732,096
Earnings on investments	-	-	-	-	-
Intergovernmental - State	-	182,567	1,478,790	-	1,661,357
Other local revenues	831,522	-	-	1,220	832,742
Total revenues	<u>831,522</u>	<u>182,567</u>	<u>2,210,886</u>	<u>1,220</u>	<u>3,226,195</u>
EXPENDITURES:					
Current -					
Facilities acquisition and construction	-	-	-	-	-
Student support					
Students	798,984	-	-	105	799,089
Debt service	-	-	-	-	-
Total expenditures	<u>798,984</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>799,089</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,538</u>	<u>182,567</u>	<u>2,210,886</u>	<u>1,115</u>	<u>2,427,106</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(182,567)	(2,210,886)	-	(2,393,453)
Total other financing sources (uses)	<u>-</u>	<u>(182,567)</u>	<u>(2,210,886)</u>	<u>-</u>	<u>(2,393,453)</u>
NET CHANGE IN FUND BALANCES	32,538	-	-	1,115	33,653
FUND BALANCE JUNE 30, 2024	<u>301,409</u>	<u>-</u>	<u>-</u>	<u>7,807</u>	<u>309,216</u>
FUND BALANCE JUNE 30, 2025	<u>\$ 333,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,922</u>	<u>\$ 342,869</u>

**LEWIS COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2025**

	2012 Bond Fund	2015R Bond Fund	2016R Bond Fund	2016R 2nd Bond Fund	2017 Bond Fund	2017B Bond Fund	2021 Bond Fund	2021B Bond Fund	2023 Bond Fund	Totals Debt Service Fund
ASSETS:										
Cash and cash equivalents	\$ -	\$ 4	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
LIABILITIES AND FUND BALANCE:										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Restricted	-	4	1	-	-	-	-	-	-	5
Total fund balance	<u>-</u>	<u>4</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>

**LEWIS COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	2012 Bond Fund	2015R Bond Fund	2016R Bond Fund	2016R 2nd Bond Fund	2017 Bond Fund	2017B Bond Fund	2021 Bond Fund	2021B Bond Fund	2023 Bond Fund	Totals Debt Service Fund
REVENUES:										
Intergovernmental - State	\$ 70,544	\$ 70,310	\$ 57,867	\$ 41,750	\$ -	\$ 432,791	\$ -	\$ 832,111	\$ 10,369	\$ 1,515,742
Interest income	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>70,544</u>	<u>70,310</u>	<u>57,867</u>	<u>41,750</u>	<u>-</u>	<u>432,791</u>	<u>-</u>	<u>832,111</u>	<u>10,369</u>	<u>1,515,742</u>
EXPENDITURES:										
Debt service	70,544	170,731	137,550	252,019	67,550	1,070,103	603,000	966,981	128,055	3,466,533
Total expenditures	<u>70,544</u>	<u>170,731</u>	<u>137,550</u>	<u>252,019</u>	<u>67,550</u>	<u>1,070,103</u>	<u>603,000</u>	<u>966,981</u>	<u>128,055</u>	<u>3,466,533</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>(100,421)</u>	<u>(79,683)</u>	<u>(210,269)</u>	<u>(67,550)</u>	<u>(637,312)</u>	<u>(603,000)</u>	<u>(134,870)</u>	<u>(117,686)</u>	<u>(1,950,791)</u>
OTHER FINANCING SOURCES (USES):										
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	100,421	79,683	210,269	67,550	637,312	603,000	134,870	117,686	1,950,791
Total other financing sources (uses)	<u>-</u>	<u>100,421</u>	<u>79,683</u>	<u>210,269</u>	<u>67,550</u>	<u>637,312</u>	<u>603,000</u>	<u>134,870</u>	<u>117,686</u>	<u>1,950,791</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-	-	-
FUND BALANCE JUNE 30, 2024	-	4	1	-	-	-	-	-	-	5
FUND BALANCE JUNE 30, 2025	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>

**LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balance June 30, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable	Accounts Payable	Restricted Fund Balance June 30, 2025
Lewis County High School	\$ 135,836	\$ 356,913	\$ 366,744	\$ 126,005	\$ -	\$ 13,423	\$ 112,582
Lewis County Central Elementary	41,612	103,683	94,801	50,494	-	-	50,494
Garrison Elementary	41,925	65,969	66,472	41,422	-	-	41,422
Tollesboro Elementary	31,135	51,254	45,635	36,754	-	-	36,754
Laurel Elementary	19,555	13,349	16,196	16,708	-	-	16,708
Lewis County Middle School	22,391	160,097	144,608	37,880	-	-	37,880
Foster Meade CTC	29,198	80,257	69,304	40,151	-	2,044	38,107
	<u>\$ 321,652</u>	<u>\$ 831,522</u>	<u>\$ 803,760</u>	<u>\$ 349,414</u>	<u>\$ -</u>	<u>\$ 15,467</u>	<u>\$ 333,947</u>

**LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
LEWIS COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balance June 30, 2024	Receipts	Disburse- ments	Cash Balance June 30, 2025	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2025
Academic Team	\$ 603	\$ 1,970	\$ 2,101	472	\$ -	\$ 472
Art	10	-	-	10	-	10
Band	3,149	2,020	4,534	635	-	635
Baseball	2,803	13,682	8,571	7,914	-	7,914
Basketball - Boys	17,150	27,376	38,381	6,145	-	6,145
Basketball - Girls	6,931	36,256	35,716	7,471	-	7,471
Beta Club	1,822	869	835	1,856	-	1,856
Boys Golf	787	8,455	7,531	1,711	-	1,711
Cheerleaders	1,610	21,428	18,943	4,095	-	4,095
Seniors 2025	1,621	288	1,823	86	-	86
Freshmen 2028	227	-	227	-	-	-
Juniors 2026	5,081	4,740	6,503	3,318	-	3,318
Sophomores 2027	-	4,962	1,159	3,803	-	3,803
College Class	10,738	47,239	44,554	13,423	(13,423)	-
DAF Sweep	40	1,210	1,250	-	-	-
Drama	7,311	11,909	14,824	4,396	-	4,396
Football	11,982	30,891	32,899	9,974	-	9,974
Girls Golf	1,972	690	1,295	1,367	-	1,367
Girls Volleyball	351	13,880	13,465	766	-	766
JFL	6,886	10,529	6,480	10,935	-	10,935
Keith Prater Scholarship	1,290	509	1,300	499	-	499
Library	68	13	-	81	-	81
Lions Lounge	30	102	-	132	-	132
Offices	3,196	7,370	5,105	5,461	-	5,461
Pep Club	34	817	95	756	-	756
Pepsi Scholarship	3,000	2,000	2,000	3,000	-	3,000
ROTC	5,655	17,741	14,138	9,258	-	9,258
ROTC Senior Trip	5,651	2,527	3,370	4,808	-	4,808
Senior Trip	666	7,773	8,439	-	-	-
Softball	11,133	16,560	23,816	3,877	-	3,877
LCHS Hall of Fame	-	1,351	542	809	-	809
Smiles Club	336	-	-	336	-	336
Sport Gate	10,487	46,059	49,506	7,040	-	7,040
Student Enhancement	5,153	3,098	3,362	4,889	-	4,889
Sunshine Committee	769	-	218	551	-	551
Teens for Christ	-	1,585	620	965	-	965
Tennis	1	400	400	1	-	1
Track	186	7,208	7,039	355	-	355
Yearbook	2,674	3,406	5,463	617	-	617
Youth Service Center	4,433	-	240	4,193	-	4,193
	<u>\$ 135,836</u>	<u>\$ 356,913</u>	<u>\$ 366,744</u>	<u>\$ 126,005</u>	<u>\$ (13,423)</u>	<u>\$ 112,582</u>

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Education</u>				
Passed through Kentucky Department of Education:				
Title I Grants to Local Educational Agencies	84.010	3100002-24	-	\$ 957,526 *
Title I Grants to Local Educational Agencies	84.010	3100002-23	-	323,570 *
Title I Grants to Local Educational Agencies	84.010	3100002-22	-	55,966 *
				<u>1,337,062</u>
Special Education Cluster (IDEA):				
Special Education Grants to States - IDEA, Part B	84.027	3810002-24	-	544,450
Special Education Grants to States - IDEA, Part B	84.027	3810002-23	-	61,177
Special Education Grants to States - IDEA, Part B, Preschool	84.173	3800002-23	-	8,423
Special Education Grants to States - IDEA, Part B, Preschool	84.173	3800002-23	-	7,920
Total Special Education Cluster				<u>621,970</u>
Title VI - Rural & Low Income	84.358	3140002-23		43,433
Title VI - Rural & Low Income	84.358	3140002-22		16,627
				<u>60,060</u>
Improving Teacher Quality State Grants	84.367	3230002-24	-	57,663
Improving Teacher Quality State Grants	84.367	3230002-23	-	79,702
Improving Teacher Quality State Grants	84.367	3230002-22	-	20,964
				<u>158,329</u>
Student Support and Academic Enrichment Grant	84.424	34200002-24	-	82,457
Student Support and Academic Enrichment Grant	84.424	34200002-23	-	44,682
				<u>127,139</u>
COVID-19 - Homeless Children and Youth	84.425W	4980002-21	-	5,881
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	-	117,975
				<u>123,856</u>
Vocational Education Basic Grants to States	84.048	3710002-24	-	44,446
Vocational Education Basic Grants to States	84.048	3710002-23	-	1,245
Vocational Education Basic Grants to States	84.048	3710002-22	-	3,485
				<u>49,176</u>
AIM (Arts in Mind)	84.351A	315K	-	1,845
				<u>1,845</u>
AIM (Arts in Mind)	84.184H	534LW	-	70,000
				<u>70,000</u>
Total U.S. Department of Education				<u>2,549,437</u>
<u>U.S. Department of Defense</u>				
Direct:				
ROTC	12.000	504J	-	79,832
Total U.S. Department of Defense				<u>79,832</u>
<u>U.S. Department of Health & Human Services</u>				
Direct:				
Cooperative Agreements to Promote Adolescent Health	93.079	493J	-	100
Total U.S. Department of Health & Human Services				<u>100</u>

**LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Labor</u>				
Pass-through Buffalo Trace Area Development District:				
Workforce Investment Act - Youth Activity	17.259	588L	-	388,170
Workforce Investment Act - Youth Activity	17.259	588K	-	230
Workforce Investment Act - Youth Activity	17.259	588KC	-	89,965
Total U.S. Department of Labor				<u>478,365</u>
<u>U.S. Department of Agriculture</u>				
Pass-through Kentucky Department of Education:				
State Administrative Expenses for Child Nutrition	10.560	7700001-24	-	2,542
				<u>2,542</u>
Child Nutrition Cluster:				
National School Lunch Program	10.555	7750002-24	-	162,310 *
National School Lunch Program	10.555	7750002-25	-	901,956 *
School Breakfast Program	10.553	7760005-24	-	68,526 *
School Breakfast Program	10.553	7760005-25	-	358,178 *
Subtotal				<u>1,490,970</u>
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	011-0100	-	107,532 *
Total Child Nutrition Cluster				<u>1,598,502</u>
Total U.S. Department of Agriculture				<u>1,601,044</u>
Total Expenditures of Federal Awards				<u>\$ 4,708,778</u>

* Denotes major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Lewis County School District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Lewis County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B - 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, commodities on hand are included in the total inventory of \$27,186.

NOTE D - INDIRECT COST RATE

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



Kelley **G**alloway
Smith **G**oolsby, PSC

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Lewis County School District
Vanceburg, 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 *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lewis County School District (the "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 1, 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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 1, 2025.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kelley Dalloway Smith Hooley, PSC
Ashland, Kentucky
December 1, 2025



**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
Lewis County School District
Vanceburg, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lewis County School District's (the "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). 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.

Kelley Halloway Smith Hoolley, PSC

Ashland, Kentucky
December 1, 2025

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

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal Control over financial reporting:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

Noncompliance material to the financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

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

Unmodified

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

_____ yes x no

Identification of major federal programs:

Title I Grants to Local Educational Agencies (84.010)
Child Nutrition Cluster (10.553 and 10555)

Dollar threshold to distinguish between Type A and Type B Programs:

\$ 750,000

The District qualified as a low risk auditee

 x yes _____ no

(B) FINANCIAL STATEMENT FINDINGS

None noted in the current year.

(C) FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the current year.

**LEWIS COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings in the prior year.



Kelley **G**alloway
Smith **G**oolsby, PSC

Certified Public Accountants and Advisors

1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105

• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590

• Web www.kgsgcpa.com Member of  GLOBAL

Kentucky State Committee for School District Audits
Members of the Board of Education
Lewis County School District
Vanceburg, Kentucky

In planning and performing our audit of the financial statements of Lewis County School District (the "District") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated December 1, 2025, on the financial statements of the District.

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 1, 2025

**LEWIS COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2025**

2025-1 Documentation Issue with Student Transfer

Statement of Condition: During our Title I testing, we noted one student lacked proper documentation for their removal from the graduation cohort.

Criteria for Condition: Federal regulations require schools to keep complete and accurate records to show how federal funds and program requirements are being met. For graduation rate reporting, the U.S. Department of Education and the Kentucky Department of Education (KDE) expect districts to keep written proof before removing a student from the graduation cohort—such as a transfer form, enrollment record from another school, or other official documentation.

Cause of Condition: Staff relied on verbal or informal communication (e.g., messages from a parent or guardian) rather than obtaining official written documentation as required.

Effect of the Condition: Without proper written documentation, a student could be incorrectly removed from or retained in the graduation cohort, resulting in inaccurate graduation rate reporting to KDE and the U.S. Department of Education.

Recommendation of the Condition: We recommend the district develop and communicate a clear procedure requiring written documentation for all student removals from the graduation cohort. Staff should avoid relying on informal communication and instead obtain official records such as transfer documentation or enrollment verification. The district may also wish to implement a standard form or checklist and provide periodic training to ensure consistent application of KDE's documentation requirements.

Management Response: Documented efforts to obtain formal written communication will be communicated to building administrators and counselors.

2025-2 Lewis County High School Activity Fund - Untimely Deposit

Statement of Condition: During our testing, we noted one deposit that was collected on December 11, 2024 but was not deposited until December 16, 2024.

Criteria for Condition: Per Redbook "All monies collected shall be deposited on a daily basis. At a minimum, deposits shall be made on the last workday of the week, even if the deposit amount is less than \$100."

Cause of Condition: Oversight

Effect of the Condition: The District is out of compliance with this Redbook regulation.

Recommendation of the Condition: Deposits should be made in accordance with the Redbook requirements.

Management Response: School level administrative support staff will be trained on Redbook deposit requirements. An alternative plan will be put into place for extended absences, holiday breaks, or weather related delays to avoid non-compliance.

2025-3 Lewis County High School Activity Fund - Ticket Taker and Seller Issue

Statement of Condition: During our testing, we noted two ticket sales forms were missing one or both required signatures.

Criteria for Condition: Per Redbook "Two people (ticket seller, ticket taker) are required to work the gate. The ticket seller gives the entire ticket to the customer and collects the entrance fee."

Cause of Condition: Lack of volunteers to work the sports gate.

Effect of the Condition: The District is out of compliance with this Redbook regulation.

Recommendation of the Condition: Ticket sales forms should be completed as prescribed in the Redbook.

Management Response: Athletic Director will be trained on Redbook ticket taker and seller requirements.

2025-4 Lewis County High School Activity Fund – Two Signatures on Checks

Statement of Condition: During our testing, we noted two checks that had only one signature.

Criteria for Condition: Per Redbook "All school level checks should contain the signatures of an authorized school administrator and the school treasurer. If the school administrator or the school treasurer are out for an extended period of time, a central office administrator with check signing authority may sign school level checks."

Cause of Condition: Oversight.

Effect of the Condition: The District is out of compliance with this Redbook regulation.

Recommendation of the Condition: All activity fund checks should have the two required signatures per Redbook.

Management Response: School level administrative and administrative support staff will be trained on check signing requirements.

2025-5 Multiple Schools Activity Fund – Deposit Ticket

Statement of Condition: During our testing, we noted four schools that were not putting the receipt numbers on the deposit slip.

Criteria for Condition: Per Redbook "The school treasurer shall prepare deposit slips containing the issuer's name and the amount of each check or retain a copy of all checks to be deposited. The deposit slip shall note the receipt numbers in the deposit."

Cause of Condition: Oversight.

Effect of the Condition: The District is out of compliance with this Redbook regulation.

Recommendation of the Condition: All schools should note the receipt numbers on the deposit slip.

Management Response: School level administrative support staff will be instructed to put receipt numbers on the deposit ticket, even by attaching a separate piece of paper to ticket if space is an issue.

E-mail correspondence with Ron Flannery also suggested the receipt range may be listed on the deposit ticket due to space.

2025-6 Multiple Schools Activity Fund – Transfer Form

Statement of Condition: During our testing, we noted two schools that had one incomplete transfer form each.

Criteria for Condition: Per Redbook "Transfers Between Activity Accounts - Amounts may be transferred between activity accounts only by proper completion of a Transfer Form (Form F-SA-10).

Cause of Condition: Oversight.

Effect of the Condition: The District is out of compliance with this Redbook regulation.

Recommendation of the Condition: All transfer forms should be completed per the Redbook requirements.

Management Response: Redbook Transfer forms have not historically been used when transferring money into the Sports Gate accounts, only the EPES transfer form has been utilized as receipt. School level administrative support staff and Athletic Director will be instructed to utilize the transfer form moving forward for this procedure.

2025-7 Laurel Elementary School – Approval Timing Issue

Statement of Condition: During our testing, we noted one check that was written before the approval on the purchase order.

Criteria for Condition: Per Redbook: "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated. The sponsor's signature indicates there are funds available to pay for the purchase in the specific activity account."

Cause of Condition: Oversight.

Effect of the Condition: The District is out of compliance with this Redbook regulation.

Recommendation of the Condition: Purchase orders should be approved before the check is written.

Management Response: Purchase orders requiring a change can appear to have been approved after order or payment of product. School administrative support staff will be trained to keep all purchase orders (original and change orders) together to demonstrate compliance.

2025-8 Laurel Elementary School – Incomplete Donation Acknowledgement Form

Statement of Condition: During our testing, we noted one donation acknowledgment form that was neither signed or dated.

Criteria for Condition: Per Redbook: "the Donation Acknowledgment Form (Form F-SA-18), when the monetary value is at least \$250 according to IRS guidelines, shall be completed stating the purpose of and any restrictions on the donation received."

Cause of Condition: Oversight.

Effect of the Condition: The District is out of compliance with this Redbook regulation.

Recommendation of the Condition: All donation acknowledgement forms should be completed per the Redbook requirements.

Management Response: School level administrative support staff will be trained to ensure all forms are properly signed and dated.

Status of Prior Year Management Points

The prior year conditions have been implemented and corrected. The Superintendent is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

APPENDIX C

**Lewis County School District Finance Corporation
School Building Revenue Bonds,
Series of 2026**

Continuing Disclosure Agreement

CONTINUING DISCLOSURE CERTIFICATE

Relating to:

[\$Par]

LEWIS COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS, SERIES 2026

Dated as of: [_____, 2026]

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Certificate”) is executed and delivered as of [_____, 2026], by the Board of Education of the Lewis County School District (the “Board”) and Lewis County School District Finance Corporation (the “Issuer”) in connection with the issuance of its \$[Par] Lewis County School District Finance Corporation School Building Revenue Bonds, Series 2026 (the “Obligations”). The Obligations are being issued under a resolution adopted by the Board of Directors of the Issuer on February 9, 2026 (the “Authorizing Legislation”). The Issuer 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 on-going basis as set forth herein for the benefit of Holders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”).

Section 2. Definitions; Scope of this Certificate.

All terms capitalized but not otherwise defined herein shall have the meanings assigned to those 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; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean a copy of the annual audited financial information prepared for the Board which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles as applied to governmental units, provided, however, that the Board may change the accounting principles used for preparation of such financial information so long as the Board includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Board or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB’s Internet Website or filed with the SEC. The Board shall clearly identify each such other document so incorporated by reference.

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

“Event” shall mean any of the following events with respect to the Obligations:

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

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

“Holders” shall mean any holder of the Obligations and any Beneficial Owner thereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Offering Document” shall mean the Official Statement, dated [_____, 2026].

“Operating Data” shall mean an update of the Operating Data contained in the Offering Document under the headings “DISTRICT STUDENT POPULATION,” “LOCAL SUPPORT,” and “SEEK ALLOTMENT.”

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the Commonwealth of Kentucky.

Section 3. Disclosure of Information.

(A) Information Provided to the Public. Except to the extent 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. Annual Financial Information and Operating Data at least annually not later than 270 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending [June 30, 2026], and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Board or the Issuer, then the Board shall provide the Annual Financial Information to the Disclosure Agent not later than fifteen Business Days prior to the disclosure date referenced above. The Annual Financial Information 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 Board may be submitted separately from the balance of the Annual Financial Information.

(ii) Event Notices. Notice of the occurrence of an 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 Board or the Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

(B) Information is to be Provided to the Public Annual Financial Information and, subject to the timing requirement set forth in subsection (A)(2) of this Section 3, notice of all Event occurrences shall be made public on the same day as notice thereof is given to the Holders of outstanding Obligations, if required under the Authorizing Legislation or the Obligations, and shall not be made public before the date of such notice.

(C) Means of Making Information Public.

(i) Information shall be deemed to be made public by the Board of the Issuer or the Disclosure Agent under this Certificate if it is transmitted as provided in subsection (C)(ii) of this Section 3 by the following means:

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

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

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Board, the Issuer, or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent, the Board, or the Issuer, as applicable, and the SEC.

(ii) Information shall be transmitted to the following:

(a) all information to be provided to the public in accordance with subsection (A) of this Section 3 shall be transmitted to the MSRB.

(b) all information described in clause (a) shall be made available to any Holder upon request, but need not be transmitted to the Holders who do not so request.

(c) to the extent the Board or the Issuer is obligated to file any Annual Financial Information or Operating Data with the MSRB under this Certificate, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

With respect to requests for periodic or occurrence information from Holders, the Board, the Issuer, or the Disclosure Agent may require payment by requesting holders of a reasonable charge for duplication and transmission of the information and for the Board, the Issuer's, or the Disclosure Agent's administrative expenses incurred in providing the information.

Section 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings 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 or official interpretation of the Rule as well as any change in circumstance.

Section 5. Miscellaneous.

(A) Termination. The Board and the Issuer's obligations under this Certificate shall terminate when all of the Obligations are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity'.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Board and the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement or notice of occurrence of an Event, in addition to that which is required by this Certificate. If the Board or the Issuer chooses to include any information in any Annual Financial Statement or notice of occurrence of an Event in addition to that which is specifically required by this Certificate, the Board or the Issuer, as the case may be, shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement or notice of occurrence of an Event.

(C) Defaults; Remedies. In the event of a failure of the Board, the Issuer, or the Disclosure Agent to comply with any provision of this Certificate any Holder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Board, the Issuer, or the Disclosure Agent, as the case may be, to comply with its obligations under this Certificate. A 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 Board, the Issuer, the Disclosure Agent, the Participating Underwriter and Holders, or beneficial owners thereof, and shall create no rights in any other person or entity.

Section 6. Additional Disclosure Obligations.

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

Section 7. Notices.

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

To the Issuer:	Lewis County School District Finance Corporation 251 Lions Lane Vanceburg, Kentucky 41179 Attention: Secretary Telephone: 606-796-2811
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To the Board:	Board of Education of Lewis County School District 251 Lions Lane
---------------	--

Vanceburg, Kentucky 41179
Attention: Secretary
Telephone: 606-796-2811

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

[Signature page to follow]

SIGNATURE PAGE TO CONTINUING DISCLOSURE CERTIFICATE

IN WITNESS WHEREOF, the Issuer and the Board have each caused their duly authorized officers to execute this Certificate, as of the day and year first above written.

LEWIS COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

By: _____
President

Attest:

Secretary

BOARD OF EDUCATION OF THE LEWIS
COUNTY SCHOOL DISTRICT

By: _____
Chairman

Attest:

Secretary

APPENDIX D

**Lewis County School District Finance Corporation
School Building Revenue Bonds,
Series of 2026**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE¹

\$2,875,000*

LEWIS COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS, SERIES 2026

Dated the date of delivery

SALE: Wednesday, March 4, 2026, at 11:30 A.M., E. T.

The Secretary of the Lewis County School District Finance Corporation (the “Corporation”) will until March 4, 2026, at the hour of 11:30 A.M., E.T., at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 200 Mero Street, Frankfort, Kentucky 40622, receive sealed competitive bids for the revenue bonds (the “Bonds”) herein described. To be considered, Bids must be submitted on an Official Bid Form and must be delivered to the Secretary at the address indicated on the date of sale no later than the hour indicated. Bids will be opened by the Secretary and may be accepted without further action by the Corporation’s Board of Directors.

*Subject to Permitted Adjustment.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The Bonds are authorized under KRS 162.120 through 162.300, 162.385 and KRS 58.180 and are issued in accordance with a Resolution of the Corporation’s Board of Directors. The Bonds are revenue bonds and constitute special and limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below.

The Bonds are being issued to provide funds to finance the costs of the acquisition, construction, installation and equipping of roof improvements at Lewis County High School and Tollesboro Elementary School (the “Project”) and are secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the school buildings to the Board under a Contract, Lease, and Option (the “Lease”) on a year-to-year basis; the first rental period ending June 30, 2026. The statutory mortgage lien securing the Bonds is limited in its application to the exact site of the Project constructed from the proceeds of the Bonds, real estate unoccupied by the Project is unencumbered. The Board has reserved the right to obtain the release of the statutory mortgage lien and revenue pledge on the site of the Project by effecting the redemption or defeasance of the proportionate part of the Bonds then outstanding as was expended on the site being released. Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of the Bonds have the right to have a receiver appointed to administer the Project under KRS 162.220; foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under the Lease, whereunder the Project is leased to the Board for an initial period ending June 30, 2026, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation,

¹ Please note that due to various economic factors, the terms of the Official Terms and Conditions of Bond Sale is preliminary and subject to change prior to and during the sale of the Bonds.

and bond issuance and administration expenses; the Board is legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements on the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually, until April 1, 2046 directly to the Paying Agent for the Bonds a stated agreed participation of approximately 4% of the debt service requirements for the Bonds herein identified until such date, subject to the constitutional restrictions limiting the commitment to the biennial; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of the Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Kentucky School Facilities Construction Commission (the "Commission") is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of §§ 157.611 through 157.640 of the Kentucky Revised Statutes, as repealed, amended, and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need. Pursuant to the provisions of the Act, the Regulations of the State Board of Education and of the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of the Projects and has entered into the Participation Agreement with the Board whereunder the Commission agrees to pay an Agreed Participation equal to approximately 4% of the debt service requirements each year to be applied only to the payment of the principal and interest requirements on the Bonds; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2026. The right is reserved in the Commission to terminate the commitment to pay the Agreed Participation every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of the Project and secured by the same statutory mortgage lien and pledges of revenue, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of the Project in accordance with the plans and specifications of the architect in charge of the Project, which plans have been completed, approved by the Board, State Department of Education, and filed in the office of the Secretary of the Corporation.

BOND MATURITIES, REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from their date of initial issuance and delivery, payable on October 1, 2026, and semiannually on April 1 and October 1 thereafter (or on such semi-annual dates as are determined by the President or the Secretary of the Corporation after the sale of the Bonds) and shall mature as to principal on April 1 in each of the years as follows (or on such annual date in the years and in the principal amounts as determined by the President or the Secretary of the Corporation after the sale of the Bonds):

<u>Maturity Date</u>	<u>Principal Amount</u> *	<u>Maturity Date</u>	<u>Principal Amount</u> *
April 1, 2027	\$10,000	April 1, 2037	\$10,000
April 1, 2028	10,000	April 1, 2038	10,000
April 1, 2029	10,000	April 1, 2039	10,000
April 1, 2030	10,000	April 1, 2040	10,000
April 1, 2031	10,000	April 1, 2041	10,000
April 1, 2032	10,000	April 1, 2042	10,000
April 1, 2033	10,000	April 1, 2043	10,000
April 1, 2034	10,000	April 1, 2044	820,000
April 1, 2035	10,000	April 1, 2045	920,000
April 1, 2036	10,000	April 1, 2046	965,000

The Bonds maturing on or after April 1, 2035, are subject to redemption before their stated maturities on any date falling on or after April 1, 2034, in such order of maturities as the Corporation may determine (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the registered Owners of the Bonds so selected not less than thirty days before the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are further subject to extraordinary optional redemption before their stated maturities on any date, in such order of maturities as the Corporation may determine (less than all of a single maturity to be selected by lot), in whole or in part, from the proceeds of casualty insurance received upon the total destruction by fire, lightning, windstorm or other hazard of any of the buildings constituting the Project, upon notice of such prior redemption being given by the Paying Agent by regular United States

* Subject to Permitted Adjustment.

Mail to the registered Owners of the Bonds so selected not less than thirty days before the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of records of the 15th day of each month preceding the due date by regular United States Mail postmarked as of the interest due date. Principal shall be paid upon submission of matured Bond Certificates to the Paying Agent. Subsequent to the initial delivery of the Bonds, upon the submission of proper authentication, the Bond Registrar shall transfer ownership of Bonds within three business days of receipt without expense to the Registered Owner.

FINAL OFFICIAL STATEMENT

The Corporation shall provide to the successful purchaser a Final Official Statement. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board delivery requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds will mature, have interest payment dates, be subject to redemption, have a Paying Agent and Registrar, be subject to the issuance of additional bonds and have other conditions and restrictions as set forth in the Preliminary Official Statement describing the Bonds. Reference is made to the Preliminary Official Statement for such information and for information regarding the District and the Corporation.

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids must be made on Official Bid Form, contained in the Official Statement available from the undersigned or RSA Advisors, LLC, 147 East Third Street, Lexington, Kentucky 40508, enclosed in sealed envelopes marked "Bid for School Building Revenue Bonds." Bids may alternatively be submitted electronically via BiDCOMP™/PARITY™ system. Electronic bids for the Bonds must be submitted through the BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ system is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by the BiDCOMP™/PARITY™ system shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in the BiDCOMP™/PARITY™ system conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of the BiDCOMP™/PARITY™ system shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by the BiDCOMP™/PARITY™ system. The use of the BiDCOMP™/PARITY™ system facilities are at

the sole risk of the prospective bidders. For further information regarding the BiDCOMP™/PARITY™ system, potential bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$2,817,500* (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the Bonds must be in multiples of one eighth of one percent (0.125%) and/or one one-hundredth of one percent (0.010%), 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 for any maturity shall not be less than the interest rate for any preceding maturity. There is no limit on the number of different interest rates.

(D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$2,875,000 principal amount of Bonds offered for sale under the terms and conditions herein specified. The Corporation will accept or reject such best bid, provided, however, the Corporation may adjust the principal amount of Bonds which may be awarded to such best bidder upward or downward by \$290,000 (the "Permitted Adjustment") to a minimum of \$2,585,000 or a maximum of \$3,165,000. In the event of any such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the \$2,875,000 of Bonds bid.

The Corporation 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 desired annual debt service levels. If 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 on the Bonds as submitted by the successful bidder shall be held constant.

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

If less than three bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid under a published Notice of Sale, has agreed in writing that they will be required to certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing Wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, (ii) the initial offering price to the public as of the Sale Date of any Maturity of the Bonds, and (iii) that they neither offered nor sold any of the Bonds of any Maturity to any person at a price that is higher than the initial offering price for such Maturity during the Holding Period for such Maturity.

* Subject to Permitted Adjustment.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the winning bidder shall advise the Corporation on the Sale Date if any maturity of the Bonds satisfies the 10% test set forth in (i) above as of the date and time of the award of the Bonds.

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

(i) Holding Period means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

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

(iii) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(iv) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 4, 2026.

(v) Underwriter means (i) any person that agrees under a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees under a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(F) CUSIP identification numbers will be printed on the Bonds at the expense of the purchaser. The purchaser shall pay the CUSIP Service Bureau Charge and the cost of printing the Final Official Statement. 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.

(G) The Corporation shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12, as amended. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

(H) Bids need not be accompanied by a certified or bank cashier’s good faith check, but the successful bidder will be required to wire transfer to the order of the Corporation an amount equal to 2% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. The good faith amount will be forfeited as liquidated damages in the event of a failure of the

successful bidder to take delivery of such Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for the Bonds unless delivery is made within forty-five days from the date the bid is accepted.

(I) The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the “Direct Participants”), which will receive a credit for the 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 records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the “Indirect Participants”). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

(J) The purchaser shall be required to supply the Bond Registrar with the name, address, social security number or taxpayer identification number, principal amount and principal maturities for each person or entity in whose name Bonds are to be registered. Failure of a purchaser to fully designate the Registered Owners of Bonds shall result in the issuance of Bond Certificates by the Registrar in the purchaser’s “street name” (to the extent a purchaser fails to designate).

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

(L) The successful purchaser may require that a portion of the Bonds be term bonds maturing on one or more dates (the “Term Bonds”); provided, however, that the Term Bonds shall be subject to mandatory sinking fund redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on April 1 of the years and in the principal amounts set forth in the final adjusted maturity schedule as seen on page 2 of the successful bid.

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

(N) As required by the Code, the purchaser of the Bonds will be required to certify to the Corporation as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”) the Board and the Corporation (the “Obligated Persons”) will agree under a Continuing Disclosure Certificate dated the date of initial issuance and delivery of the Bonds (the “Disclosure Certificate”), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(a) to the Municipal Securities Rulemaking Board (“MSRB”) or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings “DISTRICT STUDENT POPULATION,” “LOCAL SUPPORT,” and “SEEK ALLOTMENT” and in Appendix B of this Official Statement (the “Annual Financial Information”); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30;

(b) to the MSRB, 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:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar

officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession 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 obligated person);

- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than under its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (xv) Incurrence of a financial obligation of the Corporation or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or Obligated Person, any of which reflect financial difficulties; and .
- (xvii) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution.

(c) to the MSRB, notice of a failure (of which the Obligated Persons or Disclosure Agent has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Certificate.

The Disclosure Certificate provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights upon a failure by the Obligated Persons to comply with the terms thereof; however, a default under the Disclosure Certificate does not constitute an event of default under the Bond Resolution. The Disclosure Certificate may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Certificate, the form of which is attached to the Official Statement as Appendix D, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds; and
- (c) there are no liquidity providers applicable to the Bonds.

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

The Board has adopted procedures to assure timely and complete filings in the future with regard to the Rule in order to provide required financial reports and operating data or notices of material events.

TAX TREATMENT

Bond Counsel is of the opinion that:

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

(B) Interest payable on the Bonds is excludable from gross income 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 imposed on individuals. The Corporation has covenanted to comply with the applicable provisions of the Code, and such compliance by the corporation is necessary to maintain the federal income tax status described above. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds.

(C) The Corporation has designated the Bonds as "qualified tax-exempt obligations" under Section 265 of the Code.

LEWIS COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

By: _____
Secretary

APPENDIX E

**Lewis County School District Finance Corporation
School Building Revenue Bonds,
Series of 2026**

Official Bid Form

OFFICIAL BID FORM

LEWIS COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS, SERIES 2026

Dated the date of delivery

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$_____ of School Building Revenue Bonds, Series 2026 (the “Bonds”) offered for sale by the Lewis County School District Finance Corporation (the “Corporation”), an agency and instrumentality acting on behalf of the Board of Education of the Lewis County School District and in accordance with the Notice of Bond Sale, as advertised in conformity with Chapter 424 of the Kentucky Revised Statutes, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$_____ principal amount of the Bonds, the total sum of \$_____ (not less than \$_____ plus accrued interest from the date of delivery, at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
April 1, 2027	\$_____	_____ %	April 1, 2037	\$_____	_____ %
April 1, 2028	\$_____	_____ %	April 1, 2038	\$_____	_____ %
April 1, 2029	\$_____	_____ %	April 1, 2039	\$_____	_____ %
April 1, 2030	\$_____	_____ %	April 1, 2040	\$_____	_____ %
April 1, 2031	\$_____	_____ %	April 1, 2041	\$_____	_____ %
April 1, 2032	\$_____	_____ %	April 1, 2042	\$_____	_____ %
April 1, 2033	\$_____	_____ %	April 1, 2043	\$_____	_____ %
April 1, 2034	\$_____	_____ %	April 1, 2044	\$_____	_____ %
April 1, 2035	\$_____	_____ %	April 1, 2045	\$_____	_____ %
April 1, 2036	\$_____	_____ %	April 1, 2046	\$_____	_____ %

We understand this bid may be accepted for as much as \$_____ of the Bonds or any amount less than \$_____, at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity of all maturities, which will be determined by the Corporation at the time of acceptance of the best bid.

It is understood that the Corporation will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel, of Covington, 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.

Electronic bids for the Bonds must be submitted through BiDCOMP™/PARITY™ and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™ conflict with the terms of the Official Terms and Conditions of Sale of Bonds, the Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of BiDCOMP™/PARITY™ shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. For further information regarding BiDCOMP™/PARITY™, potential bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

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

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

2. If less than three bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid under a published Notice of Sale, has agreed in writing that they will be required to certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing Wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they neither offered nor sold any of the Bonds of any Maturity to any person at a price that is higher than the initial offering price for such Maturity during the Holding Period for such Maturity.

3. Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule. For purposes of the above the following terms are defined as follows:

(a) “Holding Period” means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

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

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 4, 2026.

(e) "Underwriter" means (i) any person that agrees under a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees under a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

Net interest cost from March 25, 2026:

to final maturity \$ _____

Plus discount \$ _____

Net interest cost \$ _____

Average interest rate or cost _____%

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

Accepted by the Secretary of the Lewis County School District Finance Corporation for \$_____ principal amount of Bonds at the price of \$_____ as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
April 1, 2027	\$_____	_____ %	April 1, 2037	\$_____	_____ %
April 1, 2028	\$_____	_____ %	April 1, 2038	\$_____	_____ %
April 1, 2029	\$_____	_____ %	April 1, 2039	\$_____	_____ %
April 1, 2030	\$_____	_____ %	April 1, 2040	\$_____	_____ %
April 1, 2031	\$_____	_____ %	April 1, 2041	\$_____	_____ %
April 1, 2032	\$_____	_____ %	April 1, 2042	\$_____	_____ %
April 1, 2033	\$_____	_____ %	April 1, 2043	\$_____	_____ %
April 1, 2034	\$_____	_____ %	April 1, 2044	\$_____	_____ %
April 1, 2035	\$_____	_____ %	April 1, 2045	\$_____	_____ %
April 1, 2036	\$_____	_____ %	April 1, 2046	\$_____	_____ %

Dated: March 4, 2026

Secretary
Lewis County School District
Finance Corporation