PRELIMINARY OFFICIAL STATEMENT DATED MARCH 26, 2025

Book-Entry Only | **Rating: "Aa3" Moody's (Enhanced)**
New Issue – Bank Qualified | **See "RATING" herein**

In the opinion of Bond Counsel, subject to the conditions set forth in "Tax Exemption" herein, under existing laws, interest on the Bonds is excluded from gross income for federal and Kentucky income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions. See "Tax Exemption" herein..

$890,000*
BOARD OF EDUCATION OF ESTILL COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES OF 2025

Dated: Date of Issuance | **Due: as shown below**

Interest on the above-captioned Bonds (the "Bonds") will be payable from their dated date, on each April 1 and October 1, commencing October 1, 2025, and the Bonds mature on each April 1, as shown below:

Cusip# --	Maturity Date	Principal Amount*	Interest Rate	Price/ Yield	Cusip# --	Maturity Date	Principal Amount*	Interest Rate	Price/ Yield
	04/01/2026	$5,000	%	%		04/01/2036	$5,000	%	%
	04/01/2027	5,000				04/01/2037	5,000		
	04/01/2028	5,000				04/01/2038	5,000		
	04/01/2029	5,000				04/01/2039	10,000		
	04/01/2030	5,000				04/01/2040	5,000		
	04/01/2031	5,000				04/01/2041	10,000		
	04/01/2032	5,000				04/01/2042	10,000		
	04/01/2033	5,000				04/01/2043	385,000		
	04/01/2034	5,000				04/01/2044	405,000		
	04/01/2035	5,000							

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

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

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

The Bonds are offered when, as, and if issued, subject to the approval of legality and tax exemption by Steptoe & Johnson PLLC Bond Counsel, Louisville, Kentucky. The Bonds are expected to be available for delivery on or about April 23, 2025.

Dated: April ___, 2025

BAIRD

*Preliminary, subject to change.

BOARD OF EDUCATION OF ESTILL COUNTY, KENTUCKY

Donna Isfort,
Chair

Carrie Smallwood,
Vice Chair

Shiela Samples,
Member

Sharon Whitaker,
Member

Tambo Hardy,
Member

Charlie Brock,
Superintendent

Angela Howell,
Chief Financial Officer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FISCAL AGENT

Robert W. Baird & Co., Incorporated
Louisville, Kentucky

PAYING AGENT AND REGISTRAR

Regions Bank
Nashville, Tennessee

REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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$890,000*
BOARD OF EDUCATION OF ESTILL COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS,
SERIES OF 2025

INTRODUCTION

The purpose of this Official Statement, which includes the cover page hereof and appendices hereto, is to set forth certain information relating to the issuance of $890,000* aggregate principal amount of General Obligation Bonds, Series of 2025 (the "Bonds") of the Board of Education of Estill County, Kentucky ("Board"), as specified on the cover page hereof.

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

The Bonds are being issued by the Board as governing body of the Estill County School District (the "District"), a county school district and a political subdivision of the Commonwealth of Kentucky. The District is located in the City of Irvine, Kentucky and the County of Estill, Kentucky.

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board on February 25, 2025 (the "Bond Resolution").

The Bonds are being issued for the purposes of (i) financing the costs of various athletic improvements throughout the District (the "Project") and (ii) paying all or a portion of the costs of issuance of the Bonds.

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

The Bonds are offered when, as, and if issued by the Board. The Bonds will be delivered on or about Wednesday April 23, 2025, in New York, New York, through the Depository Trust Company (DTC).

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the related continuing disclosure documents of the District are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the Bond Resolution and the bond forms, may be obtained from Steptoe & Johnson PLLC, at 700 N Hurstbourne Pkwy #115, Louisville, Kentucky 40222. Additional information regarding this Official Statement or the District, including financial information for the District, is available from Robert W. Baird & Co., Incorporated, at 4730 Village Square Drive, Paducah, Kentucky 42001, Telephone: (270) 443-8240, Attention: Mark Rawlings.

The Board deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), except for certain information on the cover page hereof

* Preliminary, subject to change.

and certain pages herein that has been omitted in accordance with the Rule and will be provided with the final Official Statement.

THE BONDS

Description of the Bonds

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

Interest on the Bonds will be payable semiannually on each April 1 and October 1, commencing October 1, 2025, from the later of the date of issuance or the Bonds, or the most recent date to which interest has been paid or duly provided for, and shall be paid by check or draft mailed by Regions Bank, as Paying Agent and Registrar for the Bonds, to the registered owners thereof, as of the applicable record date set forth below, at their respective addresses appearing on the books of the Paying Agent and Registrar. The principal amount of the Bonds shall be paid when due to the registered owners thereof, upon the surrender of the Bonds at the designated corporate trust office of the Paying Agent and Registrar located in Nashville, Tennessee. Alternatively, the principal of and interest on the Bonds may also be paid by any other transfer of funds acceptable to the Paying Agent and Registrar and the registered owners thereof. The record date for each April 1 and October 1 interest payment date shall be the preceding March 15 and September 15, respectively.

Authority for Issuance

The issuance of the Bonds is authorized by (a) Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended, (b) Section 160.160 of the Kentucky Revised Statutes, as amended, and (c) a resolution duly adopted by the Board of Education of Estill County, Kentucky (the "Board") on March 20, 2025 (the "Bond Resolution").

Redemption Provisions

Optional Redemption. The Bonds maturing on and after April 1, 2034 shall be subject to optional redemption on April 1, 2033 or any date thereafter, in whole or in part, in such order of maturity as may be selected by the District, and by lot within any maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

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

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

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

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

Defeasance

The Bond Resolution permits the Board to defease any of the Bonds before the stated maturity thereof if (i) the Board shall have given notice of the redemption of such Bond or Bonds in accordance with the Bond Resolution or shall have provided for the giving of such notice at the appropriate time, and (ii) there shall have been deposited with the Paying Agent, or any other fiduciary, either (a) moneys in an amount sufficient, or (b) Defeasance Obligations, the principal of and the interest on which, when due, will provide moneys in an amount which, together with any moneys deposited with the Paying Agent or other fiduciary at the same time, shall be sufficient, in either case, to pay, when due, the principal or redemption price, if any, and interest due and to become due on such Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be. Neither any Defeasance Obligations, nor any moneys so deposited with the Paying Agent or with such other fiduciary, nor any principal or interest payments received from any Defeasance Obligations, shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal or redemption price, if any, of any of the Bonds and any interest thereon; provided, however, that any cash received from such principal or interest payments on such Defeasance Obligations and deposited with the Paying Agent or any other fiduciary, if not then needed for such purposes, shall, to the extent practicable, be (1) reinvested in Defeasance Obligations maturing at such times and in such amounts as shall be sufficient to pay, when due, the principal or redemption price, if any, and interest to become due on any Bonds on and before their stated maturity, the applicable redemption date, or the immediately succeeding interest payment date thereof, as the case may be, and (2) paid over to the District, following the full discharge and payment of such Bonds, free and clear of any trust, lien, or pledge.

For the foregoing purposes, "Defeasance Obligations" means:

(a) non-callable direct obligations of the United States, including U.S. Treasury bills, notes, bonds, and zero coupon bonds, U.S. Treasury Obligations – State and Local Government Series (SLGS), and direct obligations of the U.S. Treasury that have been stripped by the Treasury itself, including CATS, TIGRS, and similar securities;

(b) non-callable obligations issued or guaranteed by the Government National Mortgage Association which are backed by the full faith and credit of the United States; and

(c) non-callable senior debt obligations issued or guaranteed by any Federal Home Loan Bank or any Federal Home Loan Bank Board or by the Farm Credit System, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.

Book-Entry Only System

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

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

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General Obligation

The Bonds are general obligations of the Board, and the full faith, credit, and taxing power of the Board are irrevocably pledged to the payment of the principal of and interest on the Bonds as and when due and payable. The basic security for general obligation indebtedness of the Board, including the Bonds, is the Board's ability to levy, and its pledge to levy, an annual tax to pay the principal of and interest on all general obligation indebtedness of the Board, including the Bonds, as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as and when the same become due and payable, the principal of and interest on all outstanding general obligation bonds, including the Bonds, and other outstanding general obligation indebtedness of the Board. Under Section 159 of the Kentucky Constitution, the District is required to collect an annual tax sufficient to pay the interest on all authorized indebtedness and to establish and maintain a sinking fund for the payment of the principal amount thereof. The Bond Resolution provides for the levy of such annual tax, which shall be collected to the extent other lawfully available moneys of the Board are not provided or available. The Bond Resolution also creates and provides for the maintenance of a Sinking Fund, into which the proceeds of such annual tax or other lawfully available moneys of the District are to be deposited for the payment of the principal of and interest on the Bonds and all other general obligation indebtedness of the Board, and the amounts on deposit in the Sinking Fund shall not be used for any other purpose.

Statutory Lien

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

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

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

State Intercept

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

Commonwealth Budget for Biennial Period Ending June 30, 2026

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

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

The 2024 Regular Session of the Kentucky General Assembly adopted a State Budget for the biennial period ending June 30, 2026, which was approved and signed by the Governor and became effective as of July 1, 2024. The Office of the State Budget Director makes monthly updates to the General Fund receipts and other Funds of the Commonwealth which are available to the public. When published, the updates can be found at www.osbd.ky.gov.

PLAN OF FINANCING

The Bonds are being issued for the purposes of (i) financing the costs of various athletic improvements throughout the District (the "Project") and (ii) paying all or a portion of the costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

Sources*:	
Par Amount of Bonds	$____________
Plus: Other Sources of Funds	____________
Total Sources	$____________
Uses*:	
Deposit to Construction Fund	$____________
Underwriter's Discount	____________
Costs of Issuance	____________
Total Uses	$____________

*Preliminary, subject to adjustment

INVESTMENT CONSIDERATIONS

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

Limitation on Enforcement of Remedies

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

Risk of Bankruptcy

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

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

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

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

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

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

Suitability of Investment

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

Additional Debt

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

General Economic Conditions

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

Market for the Bonds

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

Bond Rating

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

Tax Implications

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

THE DISTRICT

General

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

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

The members of the Board of Education of the District and their terms of office are as follows:

Member	Position	Term Ends
Donna Isfort	Chair	12/31/2029
Carrie Smallwood	Vice Chair	12/31/2029
Shiela Samples	Member	12/31/2026
Sharon Whitaker	Member	12/31/2026
Tambo Hardy	Member	12/31/2029

The District is serving approximately 2,208 students in preschool through grade 12 residing in Estill County, Kentucky. The District includes a total of 3 elementary schools, 1 middle school, 1 high school, and 2 other centers for learning.

During the 2023-24 school year, the District employed 184 full time and had a student to teacher ratio of 25:1. The Board employs a Superintendent of Schools (the "Superintendent"), who, subject to the control of the Board, has general supervision of the conduct of the schools, the courses of instruction, the management of teachers, the discipline of pupils and the management of business affairs. The Superintendent of the District is Secretary of the Board and its executive officer. Key District administrative personnel include:

Name	Position	Years With District
Charlie Brock	Superintendent	2
Wesley Cornett	Assistant Superintendent	1.5
Angela Howell	Chief Financial Officer	32

As part of this Official Statement, Tax Base and Operating Data pertaining to the District is included in Appendix A; the Outstanding Bond indebtedness of the Board and the District in included in Appendix B; demographic and economic data for the area served by the District is included in Appendix C; Debt Service Requirements for the Bonds is included in Appendix D; and the Audited Financial Statements of the District for its Fiscal Year ended June 30, 2024 are included as Appendix E.

Kentucky Department of Education Supervision

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

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

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

Commonwealth Support for Education

The 1990 Regular Session of the Kentucky General Assembly enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA"), which became fully effective on July 13, 1990. KERA was designed to comply with the mandate of the Kentucky Supreme Court that the Kentucky General Assembly provide for an efficient and equitable system of schools throughout the Commonwealth. Under KERA, elementary and secondary education in the Commonwealth is supervised by the Commissioner of Education, as the Chief Executive Officer of the KDE, an appointee of the Kentucky Board of Education. Some salient features of KERA are as follows:

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

Section 157.440(1) of the Kentucky Revised Statutes provides that for fiscal years beginning July 1, 1990, each school district may levy an equivalent tax rate that will produce up to 15% of its guaranteed SEEK funding. Any increase beyond the 4% annual limitation imposed by Section 132.017 of the Kentucky Revised Statutes is not subject to the recall provisions of that Section. All revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

Section 157.440(2) of the Kentucky Revised Statutes also permits school districts to levy up to 30% of the revenues guaranteed by SEEK, plus the revenue produced by the 15% levy, but such additional tax will not be equalized with state funding and will be subject to recall by a simple majority of those voting on the question.

Section 157.620(1) of the Kentucky Revised Statutes provides that in order for a school district to be eligible for participation from the Commission for the payment of debt service on the district's bond issues, the district must levy a tax which will produce revenues equivalent to $0.05 per $100.00 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum $0.30 levy. A district having a special voted tax which is equal to or higher than the required $0.05 tax must commit and segregate for capital purposes at least an amount equal to the required $0.05 tax. Any district that levies the additional $0.05 tax is also eligible to participate in the Facilities Support Program of Kentucky ("FSPK"), for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula that takes into account a district's outstanding debt and funds available for the payment of debt service from both local and state sources.

Section 160.460 of the Kentucky Revised Statutes provides that as of July 1, 1994, all real property located in the Commonwealth subject to local taxation shall be assessed at 100% of fair cash value.

Section 156.029 of the Kentucky Revised Statutes provided for the establishment of the Kentucky Board of Education, consisting of eleven members appointed by the Governor and confirmed by the Senate of the Kentucky General Assembly. Seven members of the Kentucky Board of Education shall represent each of the Kentucky Supreme Court districts throughout the Commonwealth and four members shall represent the Commonwealth at large. The Kentucky Board of Education develops and adopts the regulations that govern all 171 public school districts in the Commonwealth and the actions of the KDE.

Revenue Sources within the District

General Property and Motor Vehicle Tax

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

SEEK Program

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

See "Appendix A – Tax Base and Operating Data" hereto for a recent history of the SEEK Program appropriations to the District.

Capital Outlay Allotment

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

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

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

FSPK Program

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

See "Appendix A – Tax Base and Operating Data" hereto for a recent history of the FSPK Program appropriations to the District.

Utility Tax

The Board levies a utility gross receipts tax (for school purposes) on the gross receipts derived from the furnishing, within Crittenden County, of telephone, telegraph, electric power, water and gas, subject to certain exemptions. Once levied, the tax remains in effect from year to year unless and until the Board requests its discontinuance. The utility tax is due and payable monthly. Please see Appendix A for utility tax rates levied by the board.

Summary of General Fund

The District maintains its books and records on the modified accrual basis method of accounting as prescribed by the Kentucky Department of Education for local school districts. The following table summarizes, on a modified accrual basis, the General Fund activity based on the District's annual financial reports for recent fiscal years to include budgeted 2024-25.

General Fund

	Working Budget	Actual		
	2024-25	2023-24	2022-23	2021-22
Beginning Balance	$1,500,000	$2,484,812	$2,054,191	$3,796,361
Revenues:				
Local Sources	3,790,505	3,776,891	3,437,641	3,124,157
State Sources	17,707,181	17,195,116	18,535,734	20,413,148
Federal Sources	300,000	163,209	208,839	48,958
Transfers	200,000	-	1,262,132	82,000
Sale of Property, etc.	-	3,207	35,871	17,100
Total Revenues	$21,997,686	$21,138,423	$23,480,216	$23,685,363
Total of All Receipts Plus Beginning Balance	$23,497,686	$23,623,235	$25,534,407	$27,481,724
Expenditures:				
Total Current Expenses	$23,260,669	$21,917,007	$22,786,071	$23,884,886
Advancements, Loans & Transfers, etc.	237,018	761,415	263,524	93,929
Total Expenditures	$23,497,686	$22,678,422	$23,049,595	$23,978,815
Ending Balance	-	$944,813	$2,484,812	$3,502,909

Source: Estill County School District

Tax Base Information

Homestead Exemption

Section 170 of the Kentucky Constitution was amended by Kentucky voters at the General Election held on November 2, 1971, to exempt from property taxes the first $6,500 of single-unit residential property of taxpayers 65 years of age or older. After that election, the 1972 Regular Session of the Kentucky General Assembly enacted Section 132.810 of the Kentucky Revised Statutes in order to establish the qualifications for the homestead exemption and to provide for the application thereof. In later legislative sessions, the Kentucky

General Assembly amended Section 132.810 of the Kentucky Revised Statutes, (i) to enlarge the "single-unit" qualification to allow the homestead exemption to apply to real property "held by legal or equitable title, by the entireties, jointly, in common, as a condominium" maintained as the permanent residence of the owner, (ii) to construe the $6,500 exemption to mean $6,500 in terms of the purchasing power of the dollar in 1972, (iii) to allow the maximum exemption to be adjusted every two years if the cost of living index of the United States Department of Labor has changed as much as 1% over the preceding two-year period, and (iv) to permit counties and school districts to adjust local tax revenues through increases in tax rates on non-exempt property to generate tax revenues in an amount equivalent to the revenues lost through the application of the homestead exemption. The amount of the individual homestead exemption for the current tax period is $46,350.

Limitation on Taxation

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

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

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

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

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

Investment Policy

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

(a) Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of such obligations is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;

(b) Obligations and contracts for the future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including, but not limited to:

1. United States Treasury obligations;
2. United States Export-Import Bank notes or guaranteed participation certificates;
3. Farmers Home Administration insured notes;
4. Governmental National Mortgage Corporation obligations; and
5. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including, but not limited to:

1. the Federal Home Loan Mortgage Corporation;
2. Federal Farm Credit Banks;
3. the Bank for Cooperatives (CoBank);
4. Federal Intermediate Credit Banks;
5. Federal Land Banks;
6. Federal Home Loan Banks;
7. the Federal National Mortgage Association; and
8. the Tennessee Valley Authority;

(d) Certificates of deposit or other interest-bearing accounts issued through any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or a similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by Section 41.240(4) of the Kentucky Revised Statutes;

(e) Uncollateralized certificates of deposit issued by a bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;

(f) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;

(g) Commercial paper rated in the highest category by a competent rating agency;

(h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;

(j) Shares of mutual funds, each of which shall have the following characteristics:

1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
2. The management company of the investment company shall have been in operation for at least five years; and
3. All of the securities in the mutual fund shall be eligible investments hereunder;

(k) Individual equity securities, if the funds being invested will be managed by a professional investment manager that is regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed 25% of the equity allocation; and

(l) Individual high-quality corporate bonds managed by a professional investment manager and that:

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

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

Debt Limitation

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

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

Appendix F to this Official Statement contains a Statement of Indebtedness for the Board, certified by the Treasurer of the Board, that calculates the amount of the outstanding obligations of the Board (including the Bonds) that are subject to the 2% total direct debt limit. The total principal amount of general obligation debt that could be issued by the District, subject to the 2% debt limitation, is $14,324,331, and the District's net debt subject to such limit presently outstanding (including the Bonds) is $890,000*, leaving a balance of approximately $13,434,331* borrowing capacity issuable within such limitation.

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

Bond Anticipation Notes

As provided by Section 56.513 and Section 58.150 of the Kentucky Revised Statutes, school districts are authorized to issue notes from time to time, including renewal notes, in anticipation of the issuance of any bonds, upon the same terms and conditions as bonds, except bond anticipation notes may be sold by private, negotiated sale in any manner determined or authorized by the board of education of the district. The ability of a school district to retire its bond anticipation notes from the proceeds of the sale of either bonds or renewal

* Preliminary, subject to adjustment.

notes will ultimately depend upon the marketability of such bonds or renewal notes under the market conditions prevailing at the time of such sale.

PENSION AND HEALTH BENEFIT OBLIGATIONS OF THE BOARD

The District's employees are provided with two pension plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

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

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the Commonwealth of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky Revised Statues and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.trs.ky.gov/employers/gasb-65-67/.

KRS 161.675 requires TRS to provide postemployment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund (MIF) is a cost-sharing multiple employer defined benefit plan. 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. In order to fund the post-retirement healthcare benefit, 7.50% of the gross annual payroll of members is contributed. Member contributions are 3.75% and 0.75% is paid from state appropriation. Employer contributions are 3.00% Also, the premiums collected from retirees and investment interest help meet the medical expenses of the plan.

Information regarding the District's annual contributions to these plans are contained in the audited financial statements and notes thereto of the District attached hereto as "APPENDIX E: Audited Financial Statements for Fiscal Year Ended June 30, 2024."

LEGAL MATTERS

General

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

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

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

Transcript and Closing Certificates

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

Litigation

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

Tax Treatment

General

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings, and court decisions in effect as of the date hereof, interest on the Bonds will be excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals (for a discussion of the corporate alternative minimum tax, see "LEGAL MATTERS – Tax Treatment – Corporate Alternative Minimum Tax" herein). In addition, Bond Counsel is also of the opinion that interest on the Bonds will be exempt from Kentucky income taxation and that the Bonds will be exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

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

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

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

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

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

The Board has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code, indicating the issuance of LESS than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2025, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) 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 that 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 the owner of any Discount Bond will be 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.

CONTINUING DISCLOSURE

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

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

Financial information regarding the District may be obtained from the Superintendent of the District at 601 West Elm Street, Marion, Kentucky 42064.

RATING

As noted on the cover page of this Official Statement, Moody's Investors Service, Inc. ("Moody's") has assigned an enhanced rating of "Aa3" to the Bonds. Such rating reflects only the view of Moody's. Any explanation of the significance of such rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. The District furnished Moody's with certain information and materials about the Bonds and themselves. Generally, rating agencies base their ratings upon such information and materials received from issuers and upon investigations, studies, and assumptions by the rating agencies.

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

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

UNDERWRITING

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

FISCAL AGENT

Robert W. Baird & Co., Incorporated, Louisville, Kentucky, will act as Fiscal Agent to the District (the "Fiscal Agent") in connection with the issuance and sale of the Bonds and will receive a fee, payable from the proceeds of the Bonds, for its services rendered as Fiscal Agent to the District, contingent upon the issuance and sale of the Bonds. The Fiscal Agent has compiled certain data relating to the Bonds contained herein. The Fiscal Agent is not obligated (i) to undertake, and has not undertaken, to make an independent verification of, or (ii) to assume responsibility for the accuracy, completeness, or fairness of the information contained herein. The Fiscal Agent is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

MISCELLANEOUS

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

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

BOARD OF EDUCATION OF ESTILL COUNTY, KENTUCKY

By: /s/ Donna Isfort, Chair

APPENDIX A

BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025

TAX BASE AND OPERATING DATA

TAX BASE AND OPERATING DATA

Local Tax Rates, Property Assessment and Revenue Collections

Local Tax Rates

Fiscal Year	Real Estate	Tangible Personal	Motor Vehicle	Utility Tax
2024-25	$.494	$.499	$.548	3.0%
2023-24	.500	.500	.548	3.0%
2022-23	.497	.497	.548	3.0%
2021-22	.511	.511	.548	3.0%
2020-21	.511	.511	.548	3.0%

Property Assessment

Fiscal Year	Real Estate	Tangible Personal	Franchise	Motor Vehicle	Total Assessments
2024-25	$502,694,470	$15,889,591	$87,069,455	$110,563,012	$716,216,528
2023-24	476,605,202	15,644,589	76,770,043	113,026,048	682,045,882
2022-23	459,824,006	15,913,605	68,796,000	101,298,344	645,831,955
2021-22	430,072,940	13,166,868	62,482,662	87,667,442	593,389,912
2020-21	416,323,840	12,520,092	62,178,985	88,800,514	579,823,431

Revenue Collected [(1)]

Fiscal Year	Taxes Budgeted	Taxes Collected	Percent Collected vs. Budgeted
2024-25 [(2)]	$3,656,216	n/a	n/a
2023-24	3,422,046	$3,516,123	102.7%
2022-23	3,300,034	3,278,745	99.4%
2021-22	3,070,000	3,387,925	110.4%
2020-21	3,111,092	3,222,565	103.6%

(1) Ad Valorem
(2) Based on estimates from 2024-25 Working Budget
n/a = not available

Capital Outlay, SEEK, and FSPK Funding

Fiscal Year	Capital Outlay	SEEK	FSPK
2024-25 [(1)]	$189,682	$11,642,046	$1,580,838
2023-24	203,134	10,990,856	1,381,796
2022-23	318,752	11,025,034	1,858,302
2021-22	351,470	10,946,954	991,709
2020-21	201,337	10,028,091	1,264,426

(1) Based on estimates from 2024-25 Working Budget

History of Enrollment and ADA

Fiscal Year	Enrollment	Average Daily Attendance
2024-25 (est.)	2,195	1,855.46
2023-24	2,208	1,896.30
2022-23	2,199	1,835.00
2021-22	2,222	2,086.50
2020-21	2,222	2,086.50

Source: Estill County School District

APPENDIX B

**BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025**

OUTSTANDING BONDS OF THE BOARD AND DISTRICT

Estill County School District
Outstanding Bonds as of January 1, 2025

Payable from Local Sources

Issue	Original Issue Amount	Bonds Retired	Bonds Outstanding
September 30, 2010 [(1)]	$ 6,434,535	$ -	$ 6,434,535
November 19, 2013	1,555,000	340,000	1,215,000
February 25, 2015	4,019,849	337,153	3,682,696
August 11, 2015	99,096	34,714	64,382
June 21, 2018	5,654,227	13,724	5,640,503
January 28, 2020	7,552,498	878,839	6,673,659
August 10, 2021	13,885,000	1,045,000	12,840,000
September 29, 2022	2,315,000	145,000	2,170,000
Subtotal	$ 41,515,205	$ 2,794,430	$ 38,720,775

Payable from Non-Local Sources [(2)]

July 1, 2007	$ 440,000	$ 350,000	$ 90,000
September 30, 2010 [(1)]	915,465	-	915,465
February 25, 2015	1,275,151	747,847	527,304
August 11, 2015	995,904	390,286	605,618
October 22, 2015	2,155,000	1,310,000	845,000
June 21, 2018	725,773	196,276	529,497
January 28, 2020	347,502	56,161	291,341
Subtotal	$ 6,854,795	$ 3,050,570	$ 3,804,225
Total	$ 48,370,000	$ 5,845,000	$ 42,525,000

(1) The Series 2010 Qualified School Construction Bonds ("QSCBs") were issued with a bullet maturity of $7,350,000 due on September 1, 2027. An invested sinking fund was established, into which annual principal sinking fund deposits are made. Earnings plus the annual principal deposits will be sufficient to retire the QSCBs at maturity. As of January 1, 2025, $5,847,224.91 has accumulated in the invested sinking fund.

(2) Represents bonds payable by the Kentucky School Facilities Construction Commission.

APPENDIX C

BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025

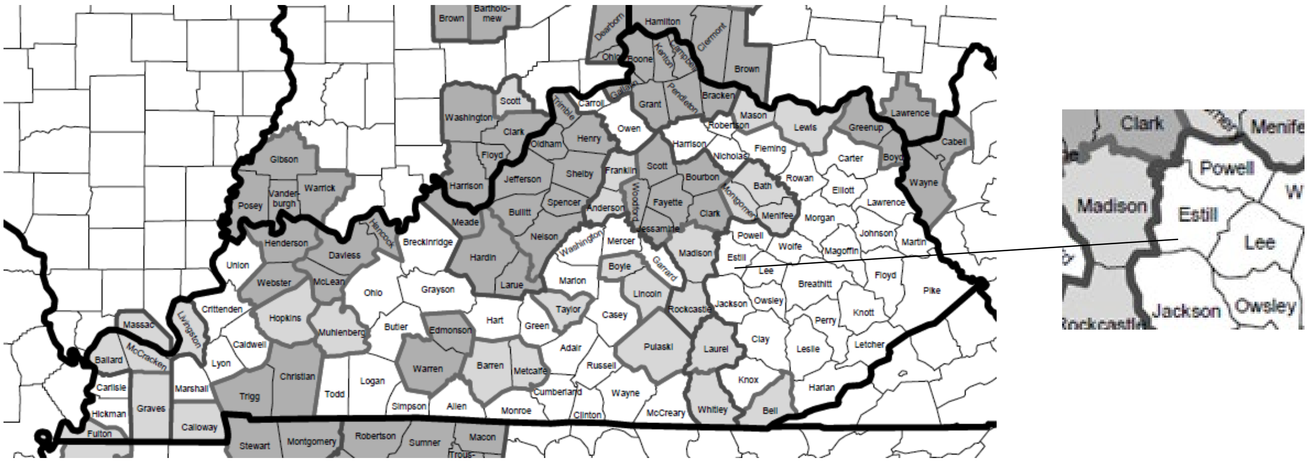
DEMOGRAPHIC AND ECONOMIC DATA

ESTILL COUNTY, KENTUCKY

Estill County, with an estimated 2024 population of 13,760, is located along the boundary between the Outer Blue Grass and the Eastern Kentucky Coal Field Regions of Kentucky.

Irvine, located on the banks of the Kentucky River, is the county seat of Estill County. Irvine is forty-six miles southeast of Lexington, Kentucky; 119 miles southeast of Louisville, Kentucky; and 124 miles south of Cincinnati, Ohio. In 2024, Irvine had an estimated population of 2,260.

In the map below, the dark grey-shaded areas denote metropolitan statistical areas, while the light grey areas denote micropolitan statistical areas.



Labor Supply

There is a estimated labor supply as of December 2024 is 96,071 persons available for industrial jobs in the labor market area, which is defined as all counties that substantially fall within a 60 minute drive of the county seat of Irvine, to include Montgomery, Clark, Madison, Powell, Lee, Jackson and Estill.

The Largest manufacturing employers in Estill County, as of March 2020, are as follows:

Firm	Product	Average Employment
Carhartt Inc.	Coveralls & hoods and Dungarees	212
Estill Wood Products Inc.	Wooden pallets & skids	49
Tipton Ridge Quarry	Crushed limestone	11
Isaacs Lumber Co., Inc.	Sawmill: hardwood, softwood, rough, grade lumber	2
Lock 12 Hydro Partners LLC	Hydroelectric plant	2

Source: Kentucky Cabinet for Economic Development, Division of Research

Education

The Estill County School System provides primary and secondary education to the County. There are over 20 four-year institutions of higher learning, 19 two-year colleges, and 25 technical schools all located within sixty miles of Irvine.

Transportation

Main line rail service is provided to Estill County by CSX Transportation. Estill County is served by Kentucky Highways 52 and 89, both "AAA" -rated trucking highways. The Mountain Parkway is located fourteen miles north of Irvine. Interstate 75 is twenty-three miles west of Irvine. Nine trucking companies provide Irvine and Ravenna with interstate and/or intrastate service. The nearest scheduled commercial airline service is Bluegrass Airport, four miles west of Lexington, fifty-four miles northwest of Irvine.

Power and Fuel

Kentucky Utilities Company provides electric power to Irvine, Ravenna, and a portion of Estill County. Estill County is also served by Jackson Energy Cooperative which is supplied by East Kentucky Power. Natural gas is provided to Estill County by Columbia Gas of Kentucky.

Estill County
Economic Statistics
2020-2024

Year	Per Capita Income	Median Household Income	Average Weekly Wage	Employment	Civilian Labor Force	Unemployment Rate
2024	(1)	(1)	$884.00 (2)	4,974 (3)	5,292 (3)	6.0% (3)
2023	$42,324	$45,129	860.00	4,882	5,138	5.0%
2022	40,269	39,402	820.00	4,890	5,148	5.0%
2021	40,190	41,843	781.00	4,800	5,049	4.9%
2020	36,702	39,719	740.00	4,731	5,109	7.4%

Source: U.S. Bureau of Labor Statistics; FRED, St. Louis Federal Reserve
(1) Data not available
(2) As of Q2 2024
(3) As of December 2024

Economic Framework
Estill County, Kentucky

PERSONS BY INDUSTRY	Number	Percent
Agriculture, forestry, fishing & hunting, & mining	288	8.2%
Construction	387	11.0%
Manufacturing	616	17.5%
Wholesale trade	16	0.5%
Retail trade	405	11.5%
Transportation & warehousing, & utilities	117	3.3%
Information	15	0.4%
Finance & insurance & real estate	75	2.1%
Professional, scientific, management, administrative & waste management services	156	4.4%
Educational services, health care & social assistance	784	22.3%
Arts, entertainment, recreation, accommodation & food services	275	7.8%
Other services, except public administration	194	5.5%
Public administration	183	5.2%
Total All Industries	3,511	100.0%

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

Population

The U.S. Census Bureau American Community Survey estimates of population for Estill County and City of Irvine are as follows:

	Estill County, KY	City of Irvine, KY
2024 Estimate	13,760	2,260
2020 U.S. Census	14,163	2,360
2010 U.S. Census	14,672	2,311

Income

The U.S. Census Bureau, 2023 American Community Survey estimates of household income for Estill County, Kentucky are as follows:

	Estill County, KY	
HOUSEHOLDS BY INCOME	**Number**	**Percent%**
Less than $10,000	208	5.9%
$10,000 to $14,999	187	5.3%
$15,000 to $24,999	394	11.1%
$25,000 to $34,999	537	15.1%
$35,000 to $49,999	487	13.7%
$50,000 to $74,999	449	12.6%
$75,000 to $99,999	539	15.2%
$100,000 to $149,999	492	13.8%
$150,000 to $199,999	166	4.7%
$200,000 or MORE	94	2.6%

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

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APPENDIX D

BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025

ESTIMATED DEBT SERVICE REQUIREMENTS OF THE BONDS;
ESTIMATED TOTAL ANNUAL DISTRICT DEBT SERVICE REQUIREMENTS

Board of Education of Estill County
Kentucky General Obligation Bonds
Series of 20225

ESTIMATED DISTRICT DEBT SERVICE REQUIREMENTS

	100% District			
Date	Principal	Interest	Total P+I	Fiscal Total
10/1/2025		$17,663.30	$17,663.30	
4/1/2026	$5,000	20,122.75	25,122.75	$42,786.05
10/1/2026	-	20,044.00	20,044.00	
4/1/2027	5,000	20,044.00	25,044.00	45,088.00
10/1/2027	-	19,964.50	19,964.50	
4/1/2028	5,000	19,964.50	24,964.50	44,929.00
10/1/2028	-	19,883.50	19,883.50	
4/1/2029	5,000	19,883.50	24,883.50	44,767.00
10/1/2029	-	19,801.00	19,801.00	
4/1/2030	5,000	19,801.00	24,801.00	44,602.00
10/1/2030	-	19,716.25	19,716.25	
4/1/2031	5,000	19,716.25	24,716.25	44,432.50
10/1/2031	-	19,630.00	19,630.00	
4/1/2032	5,000	19,630.00	24,630.00	44,260.00
10/1/2032	-	19,542.75	19,542.75	
4/1/2033	5,000	19,542.75	24,542.75	44,085.50
10/1/2033	-	19,454.00	19,454.00	
4/1/2034	5,000	19,454.00	24,454.00	43,908.00
10/1/2034	-	19,359.25	19,359.25	
4/1/2035	5,000	19,359.25	24,359.25	43,718.50
10/1/2035	-	19,260.25	19,260.25	
4/1/2036	5,000	19,260.25	24,260.25	43,520.50
10/1/2036	-	19,160.00	19,160.00	
4/1/2037	5,000	19,160.00	24,160.00	43,320.00
10/1/2037	-	19,059.25	19,059.25	
4/1/2038	5,000	19,059.25	24,059.25	43,118.50
10/1/2038	-	18,956.50	18,956.50	
4/1/2039	10,000	18,956.50	28,956.50	47,913.00
10/1/2039	-	18,747.50	18,747.50	
4/1/2040	5,000	18,747.50	23,747.50	42,495.00
10/1/2040	-	18,640.25	18,640.25	
4/1/2041	10,000	18,640.25	28,640.25	47,280.50
10/1/2041	-	18,418.25	18,418.25	
4/1/2042	10,000	18,418.25	28,418.25	46,836.50
10/1/2042	-	18,191.25	18,191.25	
4/1/2043	385,000	18,191.25	403,191.25	421,382.50
10/1/2043	-	9,355.50	9,355.50	
4/1/2044	405,000	9,355.50	414,355.50	423,711.00
Total	$890,000	$712,154.05	$1,602,154.05	$1,602,154.05

Baird
Public Finance

Board of Education of Estill County
Kentucky General Obligation Bonds
Series of 2025

ESTIMATED DISTRICT TOTAL DEBT SERVICE REQUIREMENTS

		Series of 2025			
Fiscal Year Ending 6/30	**Existing Restricted Fund Debt Service**	**Principal**	**Interest**	**Total P+I**	**Total Restricted Fund Debt Service**
2025	$2,260,664.00	-	-	-	$2,260,664.00
2026	2,259,492.00	$5,000	$37,786.05	$42,786.05	2,302,278.05
2027	2,257,778.00	5,000	40,088.00	45,088.00	2,302,866.00
2028	2,256,725.00	5,000	39,929.00	44,929.00	2,301,654.00
2029	2,258,471.00	5,000	39,767.00	44,767.00	2,303,238.00
2030	2,258,775.00	5,000	39,602.00	44,602.00	2,303,377.00
2031	2,259,537.00	5,000	39,432.50	44,432.50	2,303,969.50
2032	2,256,909.00	5,000	39,260.00	44,260.00	2,301,169.00
2033	2,259,299.00	5,000	39,085.50	44,085.50	2,303,384.50
2034	2,259,789.00	5,000	38,908.00	43,908.00	2,303,697.00
2035	2,259,579.00	5,000	38,718.50	43,718.50	2,303,297.50
2036	2,260,584.00	5,000	38,520.50	43,520.50	2,304,104.50
2037	2,260,842.00	5,000	38,320.00	43,320.00	2,304,162.00
2038	2,260,756.00	5,000	38,118.50	43,118.50	2,303,874.50
2039	1,897,413.00	10,000	37,913.00	47,913.00	1,945,326.00
2040	1,901,281.00	5,000	37,495.00	42,495.00	1,943,776.00
2041	1,896,019.00	10,000	37,280.50	47,280.50	1,943,299.50
2042	1,896,847.00	10,000	36,836.50	46,836.50	1,943,683.50
2043	1,523,138.00	385,000	36,382.50	421,382.50	1,944,520.50
2044	1,520,400.00	405,000	18,711.00	423,711.00	1,944,111.00
Total	$42,264,298.00	$890,000	$712,154.05	$1,602,154.05	$43,866,452.05

APPENDIX E

BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025

AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2024

ESTILL COUNTY SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

For the year ended June 30, 2024

Prepared by:

Shad J. Allen, CPA, PLLC

PO Box 974

Richmond, Kentucky 40476

Phone (859) 806-5290 Fax (859) 349-0061

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Shad J. Allen, CPA, PLLC

PO Box 974
Richmond, Kentucky 40476
Phone 859-806-5290
Fax 859-349-0061

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Estill County School District
Irvine, KY

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 Estill County School District (District), as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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, budgetary comparison schedules, and Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and TRS and Medical and Life and Health Insurance Plans comparison information on pages as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 November 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Shad J. Allen, CPA, PLLC

Richmond, KY
November 15, 2024

ESTILL COUNTY SCHOOL DISTRICT - IRVINE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2024

As management of the Estill County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning balance for the General Fund was $2.48 million, and we ended the year at just under $1 million, at $ 944,813.

- The district constructs and renovates facilities 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 continues to face the funding implications, as a result of state funding not keeping pace with inflation.
- The General Fund had $21.14 million in revenue, including on behalf payments made by the state, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. There were $22.6 million in General Fund expenditures.

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 are comprised of 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 private sector businesses.

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

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

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

The government-wide financial statements can be found in the table of contents of this report.

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

Notes to the financial statements - The notes provide additional information that is essential to a fullunderstanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on the table of contents in 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 Estill County Schools, assets exceeded liabilities by $29 million for Governmental Activities. Liabilities exceeded assets $0.33 million for Business Type Activities as of June 30, 2024. 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), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The 2023 government-wide net position compared to 2024 is as follows:

Table 1
Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
Assets:							
Current and Other Assets	11.46	10.72	0.06	0.07	11.52	10.79	-6%
Capital Assets	78.92	80.51		(0.00)	78.92	80.51	2%
Total Assets	**90.38**	**91.23**	**0.06**	**0.07**	90.44	**91.30**	1%
Deferred Outflows	6.14	4.90	0.13	0.12	6.27	5.02	-20%
	6.14	4.90	0.13	0.12	6.27	5.02	
Liabilities:							
Current Liabilities	3.78	4.93	0.00	0.02	3.78	4.94	31%
Noncurrent Liabilities	61.56	54.73	0.47	0.34	62.02	55.07	-11%
Total Liabilities	**65.33**	**59.66**	**0.47**	**0.35**	65.80	**60.02**	-9%
Deferred Inflows	5.03	7.44	0.12	0.23	5.15	7.67	49%
	5.03	7.44	0.12	0.23	5.15	7.67	
Invested in Capital Assets							
Net of Debt	33.81	36.94		(0.00)	33.81	36.94	9%
Restricted	7.07	5.78			7.07	5.78	-18%
Unrestricted Net Position	(14.72)	(13.69)	(0.40)	(0.39)	(15.12)	(14.08)	-7%
Total Net Position	**26.16**	**29.03**	**(0.40)**	**(0.39)**	25.76	**28.64**	11%

GOVERNMENTAL ACTIVITIES

Ending net position was $28.64 million for the District. This was an increase of $2.88 million from last year.

Table 2
Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
Revenues:							
Charges for services	$ -	$ -	$ 0.15	$ 0.15	$ 0.15	$ 0.15	-3%
Operating grants and contributions	9.29	4.66	2.01	2.06	11.30	6.72	-41%
Capital grants and contributions	1.93	0.20			1.93	0.20	-89%
General revenues	28.19	25.12	(0.08)	0.01	28.11	25.12	-11%
Total revenue	39.41	29.98	2.08	2.21	41.49	32.19	-22%
Expenses:							
Instruction	$ 18.24	$ 13.26			$ 18.24	$ 13.26	-27%
Student	2.34	2.17			2.34	2.17	-7%
Instructional staff	0.98	1.27			0.98	1.27	29%
District administration	1.53	1.01			1.53	1.01	-34%
School administration	1.31	1.49			1.31	1.49	13%
Business	1.12	0.94			1.12	0.94	-17%
Plant operation & maintenance	2.88	2.54			2.88	2.54	-12%
Student transportation	2.35	1.67			2.35	1.67	-29%
Food Service Operations	0.04	0.02	2.15	2.20	2.18	2.22	2%
Community services operations	0.35	0.32			0.35	0.32	-10%
Facilities		0.01			-	0.01	
Depreciation/Amortization	0.82	0.69		0.00	0.82	0.69	
Interest on long-term debt	1.29	1.40			1.29	1.40	8%
Total Expenses	$ 33.26	$ 26.76	$ 2.15	$ 2.20	$ 35.41	$ 28.96	-18%
Change in net position	$ 6.15	$ 3.22	$ (0.06)	$ 0.00	$ 6.08	$ 3.23	47%

CAPITAL ASSETS

At the end of fiscal year 2024, the District had $80.51 million invested in capital assets, including land, buildings, buses, computers and other equipment. This amount represents a net decrease (including additions, deductions construction in progress) of $2.85 million.

Capital Assets (net) at Year-End FY2024

	Governmental Activities		Business Type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	770,458	770,458			770,458	770,458
Land Improvements	1,170,421	63,865			1,170,421	63,865
Buildings & Improvements	51,175,743	38,283,217			51,175,743	38,283,217
Technology Equipment	558,421	57,700			558,421	57,700
Vehicles	3,016,298	651,581			3,016,298	651,581
General Equipment	557,242	(7,123)		(2,746)	557,242	(9,869)
Construction In Progress	26,111,021	40,691,561			26,111,021	40,691,561

DEBT

The following describes our outstanding obligation for the fiscal year 2024.

Outstanding Debt at Year-End
(in Millions)

	Governmental Activities	
	2023	2024
General Obligation Bonds	$ 45.12	43.57
Total Obligations	$ 45.12	$ 43.57

THE DISTRICT'S FUNDS

As the District completed the year, its General Fund reflected an unassigned fund balance of $944,813 million. Local property tax revenue, including delinquent tax, was down a little over $100,000 for fiscal year 2024. General real property tax revenue was down $130,000 from 2023 to 2024. However, delinquent property tax revenue in 2024 outpaced 2023 by almost $18,000.

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2024 for selected

REVENUE	Governmental	Proprietary
Local Revenue Sources	2,221,867	152,056
State Revenue Sources	20,946,446	141,472
Federal Revenue Sources	6,811,525	1,914,215
Other	3,207	
Transfers	3,086,199	
TOTALS	**33,069,244**	**2,207,743**
EXPENDITURES	**Governmental**	**Proprietary**
Instruction	14,362,293	
Student Support Services	2,400,467	
Instructional Staff Support Services	1,425,005	
District Admin Support	1,114,626	
School Admin Support	1,580,036	
Business Support Services	976,383	
Plant Operation & Management	2,562,111	
Student Transportation	2,266,027	
Other Instructional	350	
Food Service Operations	15,919	2,201,574
Community Services	316,676	
Building Acqu & Construction	1,637,357	
Debt Service	3,017,946	
Site Improvement	7,500	
Building Renovations		
Other Items		
Transfers	**3,086,199**	
TOTALS	**20,406,603**	**2,201,574**
Excess / (Deficit)	9 12,662,641	6,169

*Note: This chart does not include beginning balances.

COMMENTS ON BUDGET COMPARISONS

- Actual General Fund revenue and expense varied from line item to line item, with actual revenue exceeding the budget by $336,431. This does include the on-behalf payments made by the state for insurances, teachers' retirement, etc. for the benefit of the district and its employees.

- Actual General Fund expenditures exceeded the budget by $276,429.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky, the public schools' fiscal year is July I - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2023- 2024 with a 5% contingency as calculated by the Kentucky Department of Education.

Issues which will impact future budgets include:

- Increased staffing expenses to meet federal and state academic mandates.
- Our student enrollment is continuing to climb slowly, up 32 students from the previous year. Focusing more on attendance has also resulted in better ADA rates, from 90.1% in FY22 to 91.5% in FY23.
- With ESSER funding ending in fiscal year 2024, the district has had reassess several staffing positions that have been funded with ESSER funds in the past.
- Our major funding source, per pupil state SEEK funding, is not fully funding the gap in education funding between districts, even with the additional revenue received in SEEK transportation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Contact Angela Howell, Finance Director, at 606-723-2181 or by mail at Estill County Board of Education, P.O. Box 930, Irvine, KY 40336.

Estill County School District
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,990,448	$ 50,145	$ 7,040,593
Receivables (net)			
Taxes	119,365		119,365
Accounts	60,154	-	60,154
Intergovernmental	3,550,213		3,550,213
Inventories		13,072	13,072
OPEB asset		7,452	7,452
Capital assets:			
Land,and construction in progress	39,049,240		39,049,240
Other capital assets, net of depreciation	41,462,110	(2,746)	41,459,364
Total capital assets	80,511,350	(2,746)	80,508,604
Total assets	91,231,530	60,471	91,292,001
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,717,445	85,146	1,802,591
Deferred outflows related to OPEB	3,168,560	37,520	3,206,080
Deferred savings from refunding bonds	16,496		16,496
Total deferred outflows of resources	4,902,501	122,666	5,025,167
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	96,134,030	183,137	96,317,167
LIABILITIES			
Accrued interest payable	354,301		354,301
Payroll liabilities	133,067		133,067
Accounts payable	269,999	15,904	285,904
Unearned revenue	2,805,772		2,805,772
Long-term liabilities:			
Due within 1 year:			
Bond obligations	1,365,000		1,365,000
Total due within 1 year	1,365,000	-	1,365,000
Due in more than 1 year:			
Bond obligations	42,206,894		42,206,894
Sick leave	213,591		213,591
Net pension liability	6,853,146	339,759	7,192,905
Net OPEB liability	5,460,685	-	5,460,685
Total due in more than 1 year	54,734,316	339,759	55,074,075
Total liabilities	59,662,455	355,663	60,018,119
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,801,669	89,322	1,890,991
Deferred inflows related to OPEB	5,638,799	140,541	5,779,340
Total deferred inflows of resources	7,440,468	229,863	7,670,331
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	67,102,923	585,526	67,688,450
NET POSITION			
Net Investment in capital assets	36,939,456	(2,746)	36,936,710
Restricted for:			
Capital projects	1,255,811		1,255,811
Student activities	273,646		273,646
Debt servcie	4,250,497		4,250,497
Food service			-
Deficit	(13,688,302)	(392,191)	(14,080,494)
Total net position	29,031,107	(394,937)	28,636,170
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 96,134,030	$ 190,589	$ 96,324,619

See the accompanying notes to the financial statements.

Estill County School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	$ 13,259,870	$	$ 2,310,946	$	$ (10,948,924)		$ (10,948,924)
Support Services							
Student	2,167,063		377,678		(1,789,384)		(1,789,384)
Instructional Staff	1,265,363		220,529		(1,044,834)		(1,044,834)
District Administration	1,012,729		176,500		(836,230)		(836,230)
School Administration	1,487,557		259,253		(1,228,304)		(1,228,304)
Business	937,587		163,404		(774,183)		(774,183)
Plant Operation & Maintenance	2,539,844		442,647		(2,097,197)		(2,097,197)
Student Transportation	1,666,359		290,415		(1,375,944)		(1,375,944)
Food Service Operations	15,919		2,774		(13,145)		(13,145)
Community Services Operations	317,026		55,252		(261,774)		(261,774)
Building Acquistions & Construction	7,500		1,307	203,134	196,941		196,941
Amortization	23,596		4,112		(19,484)		(19,484)
Depreciation	669,170		116,624		(552,546)		(552,546)
Interest on general long-term debt	1,395,209		243,159		(1,152,050)		(1,152,050)
Total governmental activities	26,764,793	-	4,664,600	203,134	(21,897,059)		(21,897,059)
Business-type activities:							
Food service operations	2,201,574	146,551	2,055,687			$ 664	664
Depreciation	2,746					(2,746)	(2,746)
Total business-type activities	2,204,320	146,551	2,055,687	-	-	(2,082)	(2,082)
Total primary government	$ 28,969,113	$ 146,551	$ 6,720,288	$ 203,134	(21,897,059)	(2,082)	(21,899,140)
General revenues:							
Taxes:							
Property taxes					2,910,625		2,910,625
Motor vehicle taxes					611,500		611,500
Uitility taxes					736,277		736,277
Gain on sale of equipment					3,207		3,207
State and formula grants					20,037,537		20,037,537
Student activities					453,933		453,933
Other local revenue					48,429		48,429
Unrestricted investment earnings					313,796	5,505	319,302
Transfers						-	-
Total general revenues					25,115,305	5,505	25,120,810
Change in net position					3,218,246	3,424	3,221,670
Net position - beginning					25,815,860	(398,361)	25,417,500
Net position - ending					$ 29,034,107	$ (394,937)	$ 28,639,170

See the accompanying notes to the financial statements.

Estill County School District
Balance Sheet
Governmental Funds
June 30, 2024

	Governmental Funds					
	General	Special Revenue	Debt Service Fund	Building Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 420,920	$	$ 5,040,072	$ 1,255,811	273,646	$ 6,990,448
Receivables, net						
Taxes-current	112,843					112,843
Taxes-delinquent	6,522					6,522
Accounts	60,154					60,154
Intergovernmental		3,550,213				3,550,213
Interfund (Special Revenue Fund)	713,958					713,958
Prepaid assets						-
Total assets	1,314,396	3,550,213	5,040,072	1,255,811	273,646	11,434,138
LIABILITIES						
Accounts payable	236,517	33,483			-	269,999
Accrued salaries and benefits payable	133,067					133,067
Unearned revenue		2,802,772				2,802,772
Interfund (General Fund)		713,958				713,958
Total liabilities	369,584	3,550,213	-	-	-	3,919,796
FUND BALANCE						
Restricted			4,250,497	1,255,811	273,646	5,779,954
Assigned	5,260					5,260
Committed						-
Unassigned	939,553		789,575			1,729,127
Total fund balance	944,813	-	5,040,072	1,255,811	273,646	7,514,341
TOTAL LIABILITIES AND FUND BALANCE	$ 1,314,396	$ 3,550,213	$ 5,040,072	$ 1,255,811	273,646	$ 11,434,138

See the accompanying notes to the financial statements.

Estill County School District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2024

Fund balances-total governmental funds	$	7,514,341
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		80,511,350
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		16,496
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payble in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(354,301)
Bonds payable		(43,571,894)
Sick leave liability		(213,591)
Net pension liability		(6,853,146)
Net OPEB liability		(5,460,685)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to pensions		1,717,445
Deferred outflows related to OPEB		3,168,560
Deferred inflows related to OPEB		(5,638,799)
Eferred inflows related to pensions		(1,801,669)
Net position of governmental activities	$	29,034,107

See the accompanying notes to the financial statements.

Estill County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	General	Special Revenue	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Local Sources						
Taxes						
Property	$ 2,228,579	$	$	$ 682,046	-	$ 2,910,625
Motor vehicle	611,500					611,500
Utilities	736,277					736,277
Student activities					453,933	453,933
Earnings on investments	152,106		161,691		-	313,796
Other local revenue	48,429				-	48,429
Intergovernmental - state	17,195,116	1,213,503	952,897	1,381,796	203,134	20,946,446
Intergovernmental - federal	163,209	3,451,097	344,519			3,958,825
Total revenues	21,135,216	4,664,600	1,459,106	2,063,842	657,067	29,979,832
EXPENDITURES						
Instruction	11,021,839	2,874,634			465,819	14,362,293
Support Services						
Student	2,027,706	372,761				2,400,467
Instructional Staff	859,730	565,275				1,425,005
District Administration	984,495	130,131				1,114,626
School Administration	1,523,135	56,901				1,580,036
Business	704,238	272,146				976,383
Plant Operation & Maintenance	2,281,977	280,134				2,562,111
Student Transportation	2,563,538	(297,511)				2,266,027
Other Instructional	350					350
Food Service	(57,597)	73,516				15,919
Community Operations	98	316,578				316,676
Land Improvements						-
Building Acquistions & Construction					1,637,357	1,637,357
Building Improvements	7,500					7,500
Other - Facilities						-
Debt Service			3,017,946			3,017,946
Total expenditures	21,917,007	4,644,566	3,017,946	-	2,103,177	31,682,697
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(781,791)	20,034	(1,558,840)	2,063,842	(1,446,109)	(1,702,865)
OTHER FINANCING SOURCES (USES)						
Sale of equipment	3,207				-	3,207
Operating transfers in		37,774	2,324,784		723,641	3,086,199
Operating transfers (out)	(761,415)	(57,808)		(2,063,842)	(203,134)	(3,086,199)
Total other financing sources and (uses)	(758,208)	(20,034)	2,324,784	(2,063,842)	520,507	3,207
NET CHANGE IN FUND BALANCE	(1,539,999)		765,944	-	(925,603)	(1,699,658)
FUND BALANCE-BEGINNING	$ 2,484,812	$ -	$ 4,274,128	$ 1,255,811	1,199,249	9,213,999
FUND BALANCE-ENDING	$ 944,813	$ -	$ 5,040,072	$ 1,255,811	273,646	$ 7,514,342

See the accompanying notes to the financial statements.

Estill County School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2024

Net change in fund balances-total governmental funds	$	(1,699,658)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions less costs of benefits earned net employee contributions		767,941
Governmental funds report district OPEB contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense.		
District OPEB contributions less costs of benefits earned net employee contributions		803,843
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		1,587,195
The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.		(18,160)
Bonds sold at a discount/premium are deducted/added to the related bond issues and amortized over the life of the bond in the government wide financial statements, but are recognized in the year the bonds are sold in the fund financial statements.		(5,436)
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		1,550,000
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Accrued interest		72,737
Noncurrent sick leave payable		159,783
Change in net position of governmental activities	$	3,218,246

See the accompanying notes to the financial statements.

Estill County School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2023

		School Food Services
ASSETS		
Cash and cash equivalents	$	50,145
Accounts receivable		
Net OPEB asset		7,452
Inventories		13,072
Capital assets:		
Other capital assets, net of depreciation		(2,746)
Total assets		67,923
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		85,146
Deferred outflows related to OPEB		37,520
		122,666
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		190,589
LIABILITIES		
Accounts payable		15,904
Net pension liability		339,759
Net OPEB liability		
Total liabilities		355,663
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		89,322
Deferred inflows related to OPEB		140,541
Total defered inflows of resources		229,863
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		585,526
NET POSITION		
Net Investment in capital assets		(2,746)
Deficit		(392,191)
Total net position		(394,937)
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	190,589

See the accompanying notes to the financial statements.

Estill County School District

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Fund

Year Ended June 30, 2023

		School Food Services
OPERATING REVENUES		
Lunchroom sales	$	146,551
Total operating revenues		146,551
OPERATING EXPENSES		
Depreciation		2,746
Food service operations		
Employee services		910,027
Operational expense		1,291,547
Total operating expenses		2,204,320
Operating income (loss)		(2,057,769)
NONOPERATING REVENUES (EXPENSES)		
Intergovermental revenues		2,055,687
Transfers in (out)		
Earnings on Investments		5,505
Total nonoperating revenues (expenses)		2,061,193
CHANGE IN NET POSITION		3,424
NET POSITION-BEGINNING		(398,361)
NET POSITION-ENDING	$	(394,937)

See the accompanying notes to the financial statements.

Estill County School District
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2024

		School Food Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	149,366
Payments to suppliers		(895,100)
Payments to employees		(1,310,188)
Net cash provided (used) by operating activities		(2,055,922)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and contributions		2,055,687
Earnings on investments		5,505
Net cash provided (used) by noncapital financing activities		2,061,193
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		5,271
CASH AND CASH EQUIVALENTS-BEGINNING		44,874
CASH AND CASH EQUIVALENTS-ENDING	$	50,145
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(2,057,769)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		2,746
Changes in assets and liabilities:		
Receivables		2,815.79
Inventories		1,714.14
Deferred outflows		7,700.00
Deferred inflows		109,765.00
Pension liability		(28,214.00)
OPEB liability		(107,892.00)
Accounts payable		13,212.51
Net cash provided (used) by operating activities	$	(2,055,922)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received $91,442 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of $128,584 provided by state government.

See the accompanying notes to the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Blended Component Unit

The Board authorized establishment of the Estill County Board of Education Finance Corporationa non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Estill County Board of Education.

Basis of Presentation

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs fromthe manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in 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.

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. Within the General Fund, a permanent fund was established from a gift to the Estill High School for scholarships the benefit of students seeking a college degree. This is alwaysa major fund of the District.

(B) Special Revenue (Grant) Fund

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

(C) Student Activities Fund

The Student Activities Fund accounts are used to support co-curricular activities, and are raised and expended by student groups. These funds are subject to “Redbook”.

(D) Capital Project 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 Proprietary Fund).

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

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

Construction Fund

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

(E) 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. This is a major fund of the District.

II. Proprietary Funds (Enterprise Funds)

Food Service Fund

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

The District applies all GASB pronouncements to proprietary funds.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchangetransactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted,matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis, On a modified accrual basis, revenues from nonexchange transactions must also beavailable before it can be recognized.

Unearned revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

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

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

Cash and Cash Equivalents

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

Inventories

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Prepaid Assets

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the government activities column of the government-wide financial 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 one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

Land and construction in progress are not depreciated. The other property, plant and equipment of the district are depreciated using the straight-line method over the following estimated useful lives:

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

Accrued Liabilities and Long-Term Obligations

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

Accumulated Unpaid Sick Leave Benefits

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

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

Fund Balances

Fund balance is divided into five categories as defined by GASB 54 as follows:

Nonspendable:	Permanently nonspendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted:	Legally restricted under legislation, bond authority, or grantor contract.
Committed:	Commitments of future funds for specific purposes passed by the Board.
Assigned:	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned:	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position is reported in three categories:

1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position areavailable.

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. The property tax rates assessed for the year ended June 30, 2024, to finance the General Fund operations were $.500 per $100 valuation of real property, $.500 per $100 valuation for business personal property and $.548 per $100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

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

In-Kind

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

Contributions of Capital

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

Interfund Receivables/Payables

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

Interfund Transfers

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 thatinitially paid for them are not presented on the financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a 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 the appropriate period. The District reports three types of deferred outflows – contributions to the CERS's pension and OPEB plans after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

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 recognizedas an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows related to the net difference projected and actual earnings on pension and OPEB plan investments.

Pensions

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

Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows ofresources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS), and the County Retirement System of Kentucky (CERS), and additions to/deductions from TRS's/CERS's fiduciary net position have been determined on the same basis as they are reported by TRS/CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordancewith 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.

Bond and Related Premiums, Discounts, and Issuance Costs

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

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

Budgetary Process

The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used to prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

Recent GASB Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB*

Statement No. 62 effective for the District's year ended June 30, 2024

GASB Statement No. 101, *Compensated Absences*, effective for the District's year ended June 30, 2024

GASB Statement No. 102, *Certain Risk Disclosures,* effective for the Districts year ended June 30, 2025

GASB Statement No. 103, *Financial Reporting Model Improvements,* effective for the Districts year ended June 30, 2025

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the Districts year ended June 30, 2025

The impact of these pronouncements on the District's financial statement has not been determined

NOTE B – CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year end the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents $7,040,593. The bank balance for thesame time was $7,172,607.

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/Building) Fund, special Revenue (Grant Fund), Debt Service Fund, School Construction Fund, School Food Service Fund, and School Activity Fund.

NOTE C– CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

Governmental Activities	July 1, 2023	Additions	Deductions	June 30, 2024
Land	$ 770,458	$ -	$ -	$ 770,458
Land improvements	1,170,421	-	-	1,170,421
Buildings	51,175,743	-	-	51,175,743
Technology equipment	558,421	104,457	-	662,878
Vehicles	2,715,861	514,551	-	3,230,412
General equipment	557,242	-	-	557,242
Construction in progress	39,054,294	1,637,358	-	40,691,651
Total at historical cost	$ 96,002,441	$ 2,256,366	$ -	$ 98,258,807
Less: Accumulated depreciation				
Land improvements	$ 1,086,605	$ 19,951	$ -	$ 1,106,556
Buildings	12,455,448	437,079	-	12,892,596
Technology equipment	588,829	16,349	-	605,178
Vehicles	2,388,541	190,291	-	2,578,831
General equipment	558,864	5,501	-	564,365
Total accumulated depreciation	$ 17,078,287	$ 669,170	$ -	$ 17,747,457
Governmental Activities				
Capital Assets-net	$ 78,924,154	$ 1,587,195	$ -	$ 80,511,349

Business-Type Activities	July 1, 2023	Additions	Deductions	June 30, 2024
Technology equipment	$ 100,630	$ -	$ -	$ 100,630
Vehicles	-	-	-	-
General equipment	348,033	-	-	348,033
Total at historical cost	$ 448,663	$ -	$ -	$ 448,663
Less: Accumulated depreciation				
Technology equipment	100,630	-	-	100,630
Vehicles	-	-	-	-
General equipment	348,033	2,746	-	350,779
Total accumulated depreciation	$ 448,663	$ 2,746	$ -	$ 451,408
Business-Type Activities				
Capital Assets-net	$ -	$ (2,746)	$ -	$ (2,746)

Depreciation expense was not allocated to governmental functions.

NOTE D – DEBT OBLIGATIONS

Bonds

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District's future obligations to make payments relating to the bonds issued by the Estill County School District Finance Corporation.

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

The original amount of outstanding issues, the issue dates, interest rates, maturity dates, and outstanding balances, at June 30, 2024 are summarized below:

Bond Issue Date	Original Amount	Maturity Date	Interest Rates	2023 Outstanding Balance	Additions	Retirements	2024 Outstanding Balance
2010 QSCB	7,350,000	9/1/2027	4.94%	$ 7,350,000	$ -	$ -	$ 7,350,000
2012R	1,690,000	6/1/2024	1.0 - 2.25%	210,000	-	210,000.00	-
2013 Issue	1,555,000	11/1/2033	1.4 - 4.25%	1,285,000	-	45,000.00	1,240,000
2007B Issue	440,000	1/1/2028	4.15-4.2%	145,000	-	25,000.00	120,000
2015R	5,295,000	9/1/2030	2.0 - 3.0%	4,455,000	-	120,000.00	4,335,000
2015	1,095,000	8/1/2035	1.0-3.625%	770,000	-	50,000.00	720,000
2015R2	2,155,000	1/1/27	1.75-3.00%	1,655,000	-	400,000.00	1,255,000
2018	6,380,000	6/1/2028	3.0-3.75%	6,205,000	-	35,000.00	6,170,000
2020	8,030,000	2/1/2040	2.0-3.0%	7,210,000	-	245,000.00	6,965,000
2021	13,885,000	9/1/2044	2.00-4.00%	13,550,000		350,000.00	13,200,000
2022	2,315,000	9/1/2041	4.00%	2,315,000		70,000.00	2,245,000
				45,150,000	-	1,550,000	43,600,000
	Add:	Premium		287,668		11,027	276,641
	Less:	Discount		(321,210)		(16,463)	(304,747)
	Totals			$ 45,116,458	$ -	$ 1,544,564	$ 43,571,894

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

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2024 for debt service, (principal and interest) are as follows:

Year Ended	Principal		Interest			Principal	Interest
June 30	Local	SFCC	Local	SFCC	Federal	Total	Total
2025	$ 1,037,391	$ 327,609	$ 346,598	$ 367,500	$ 872,211	$ 1,365,000	$ 1,586,309
2026	1,061,340	338,660	349,957	366,240	850,573	1,400,000	1,566,770
2027	1,639,572	345,428	363,618	364,980	821,520	1,985,000	1,550,118
2028	7,909,019	1,160,981	30,000	182,175	781,031	9,070,000	993,206
2029-2033	7,872,869	1,062,131	-	-	3,266,234	8,935,000	3,266,234
2034-2038	9,084,073	500,927	-	-	2,068,722	9,585,000	2,068,722
2039-2043	8,242,495	42,505	-	-	798,678	8,285,000	798,678
2044-2045	2,975,000	-	-	-	67,331	2,975,000	67,331
	$ 39,821,759	$ 3,778,241	$ 1,090,173	$ 1,280,895	$ 9,526,298	$ 43,600,000	$ 11,897,366

The District has a Qualified School Construction Bond, of which the District makes contributions over the life of the bond to a sinking fund to retire the bond upon maturity. The District has accumulated $5,041,080.67 as of June 30, 2024.

Accumulated Sick Leave

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. The activity during fiscal year 2024 for accumulated sick leave is as follows:

Description	2023 Outstanding	Additions	Retirements	2024 Outstanding
Sick Leave	$ 373,378	$ -	$ 159,787	$ 312,591

Net Pension & OPEB Liability

Activity in the net pension and net OPEB liability are below:

Description	2023 Outstanding	Additions	Retirements	2024 Outstanding
Net Pension Liability	$ 8,130,599		$ 937,694	$ 7,192,905
Net OPEB Liability	9,380,286		3,919,601	5,460,685
Totals	$ 17,510,885		$ 4,857,295	$ 12,653,590

NOTE E – RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification.

Teachers Retirement System Kentucky (TRS)

Plan description—Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky—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. 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 http://www.trs.ky.gov/financial-reports-information .

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equalto 2% of their final average salary for each year of service if, upon retirement, their total service is lessthan ten years. New members after July 1, 2002 who retire with ten 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 ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the system has been amended to change the benefit structure for members hired on or after that date.

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

Plan description—In addition to the pension 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. 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.

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 United States Code. sec. 401(h) and a 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4)(b).

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

Funding policy—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-point seventy-five percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2024 the District did not report a liability for the District's proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to TRS 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 KTRS net pension liability	$	-
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		47,972,172
	$	47,972,172

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June, 30, 2024, the District's proportion was 0.281500%.

Actuarial Methods and Assumptions—The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24 years
Inflation	3.0%
Asset Valuation Method	5-year smoothed market value
Single Equivalent Interest Rate	7.1%
Municipal Bond Index Rate	3.66%
Projected Salary Increase	3.50 -7.20%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation.

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2022:

In the 2022 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 raised from 2.5% to 3.0%.

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection scale BB, set forward two year for males and one year for females rather than the RP-2000 Mortality Tables projected to 2022 with projection scale AA, which was used prior to 2016. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2022 with projection scale AA, set back one year for females rather than the 1994 Group Annuity Mortality Tables which was used prior to 2016. For the 2011 valuation through the 2013 valuation, an interest smoothing methodology was used to calculate liabilities for purposes of determining the actuarially determined contributions.

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2022. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected

returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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:

TRS	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	$ 6,432,899,930	$ 47,972,172	$ 3,818,215,894

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at http://www.TRS.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 SystemsAnnual 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 athttps://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 employersof members. For the year ending June 30, 2023, employers were required to contribute 26.95% of the member's salary. During the year ending June 30, 2023, the District contributed $761,433 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

<u>CERS-Medical Insurance Plan</u>

In addition to the CERS pension benefits described above, recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service asfollows: Less than 4 years – 0%, 4-9 years – 25%, 10-14 years – 50%, 15-19 years – 75% and 20 or more years – 100%.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2020 was determined using standard roll-forwardtechniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2020. At June 30, 2024, the District's proportion was 0.112100%.

District's proportionate share of CERS net pension liability	$	7,192,906
Commonwealth's proportionate share of the CERS net pension liability associated with the District		-
	$	7,192,906

For the year ended June 30, 2024, the District recognized pension revenue of $767,941. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CERS		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	372,363	$	19,545
Changes of assumptions		-		659,235
Net difference between projected and actual earnings on pension plan investments		777,038		875,153
Changes in proportion and differences between District contributions and proportionate share of contributions		-		337,058
District contributions subsequent to the measurement date		653,191		-
	$	1,802,592	$	1,890,991

The $653,191 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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 amortizedover the average service life of all members. These will be recognized in pension expense as follows:

Year Ended June 30,		
2024	$	(441,162)
2025		(391,369)
2026		160,575
2027		(69,634)
	$	(741,590)

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

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of Pay
Amortization Period	30-year closed period at June 30, 2019
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%
Payroll Growth Rate	2.00%
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous Plans, and the Pub-2010 Public Safety Mortality table for the Hazardous Plans, 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 rates 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 is summarized in the table below. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous plan.

The target asset 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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	25.00%	5.90%
Non-US Equity	25.00%	5.90%
Private Equity	10.00%	11.73%
Special Credit/High Yield	10.00%	3.65%
Core Bonds	10.00%	2.45%
Cash	0.00%	1.39%
Real Estate	7.00%	4.99%
Opportunistic	0.00%	N/A
Real Return	10.00%	5.15%
	100.00%	

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 thetotal pension liability.

Sensitivity of the District's proportionate share of 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:

CERS		**1% Decrease**		**Current Discount Rate**		**1% Increase**
		5.50%		6.50%		7.50%
District's proportionate share						
of net pension liability	$	9,081,478	$	7,192,906	$	1,708,600

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

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(k) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by law. These plans are administered by an independent third-party administrator.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency.

GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not report these assets and liabilities on its financial statements.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's employees participate in retirement systems of either TRS or CERS as described earlier. The following describes the postemployment benefits other than OPEB for both systems.

TRS – General Information about the OPEB Plans

Plan description – Teaching-certified employees of the District are provided OPEBs through TRS – a cost-sharing multiple-employer defined benefit OPEB plan with 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

http://www.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.

Retiree Medical Plan funded by the Medical Insurance Fund

Plan description—In addition to the OPEB benefits described above, Kentucky Revised Statute161.675 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-point seventy-five percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2024, the District reported a liability of $3,611,000 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, and the total OPEB liability used to calculate the 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 .148274%.

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 TRS net OPEB liability	$	3,611,000
State's proportionate share of the TRS net OPEB liability associated with the District		3,044,000
	$	6,655,000

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

MIF		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	1,224,000
Changes of assumptions		821,000		-
Net difference between projected and actual earnings on pension plan investments		68,000		-
Changes in proportion and differences between District contributions and proportionate share of contributions		1,252,000		1,580,000
District contributions subsequent to the measurement date		270,756		-
	$	2,411,756	$	2,804,000

The $270,756 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended June 30, 2024. 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:

MIF		Year Ended June 30,
2025	$	(253,000)
2026		(204,000)
2027		40,000
2028		16,000
2029		(118,000)
Thereafter		(144,000)
	$	(663,000)

Changes of Benefit Terms – The TRS 4 benefit tier was added for members joining the system on and after Jan. 1, 2022.

Changes of Assumptions-

- 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 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

Actuarial Methods and Assumptions—The total OPEB liability was determined using an actuarial valuation of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	26 years
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	7.1%, net of OPEB plan investment expense, includes price inflation
Municipal Bond Index Rate	3.66%
Investment Rate of Return	7.1%, net of OPEB plan investment expense, includes price inflation
Inflation	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increase	3.0 to 7.5%, including wage inflation
Discount Rate	7.1%

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

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2022. 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%. 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 TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate Percentage of Return
Global 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%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Additional Categories: high yield	8.0%	1.7%
Other additional categories	5.0%	4.0%
Cash	2.00%	1.6%
Total	100.00%	

Discount Rate: The discount rate used to measure the total OPEB liability was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projections basis was an actuarial valuation performed as of June 30, 2022. In addition to 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 MIF were based upon the contribution rates defined in statue and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following MIF statutory contributions are to be decreased, suspended, or eliminated:

- Employee Contributions
- Employer 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 amount in the years if/when the MIF 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 MIF'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.
- A 0% active member growth rate was assumed for the purposes of developing estimates for new entrants (membership dates beyond June 30, 2020)
-

Based on these assumptions, the MIF's fiduciary net position was <u>not</u> projected to be depleted.

The following table presents the net OPEB liability of the Commonwealth associated with the District, calculated using the health care cost trend rates, as well as what the Commonwealth's 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:

MIF	**1% Decrease**	**Current Discount Rate**	**1% Increase**
	6.10%	7.10%	8.10%
District's proportionate share			
of net OPEB liability	$ 4,645,000	$ 3,611,000	$ 2,757,000

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:

MIF	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share			
of net OPEB liability	$ 2,600,000	$ 3,611,000	$ 4,645,000

Other Post Employment Benefits Liabilities related to the Life Insurance Plan funded by - Life Insurance Plan (LIF)

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 - Effective July 1, 2000, the Kentucky Teachers' Retirement System shall:

- Provide a life insurance benefit in a minimum amount of five thousand dollars ($5,000) for its members who are retired for service or disability. This life insurance benefit shall be payable upon the death of a member retired for service or disability to the member's estate or to a party designated by the member on a form prescribed by the retirement system; and
- Provide a life insurance benefit in a minimum amount of two thousand dollars ($2,000) for its active contributing members. This life insurance benefit shall be payable upon the death of an active contributing member to the member's estate or to a party designated by the member on a form prescribed by the retirement system.

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.

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

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

At June 30, 2024, 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:

Commonwealth's proportionate share of the KTRS	
net OPEB liability associated with the District	$ 75,000

For the year ended June 30, 2024, the District recognized OPEB revenue of $313,837 for support provided by the State.

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

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	7.1%
Municipal Bond Index Rate	2.13%
Investment Rate of Return	7.1%, includes price inflation
Inflation	2.5%
Real Wage Growth	0.25 %
Wage Inflation	2.75%
Salary Increase	3 to 7.5%, including wage inflation
Discount Rate	7.1%

Mortality rates were based on the Pub2010 (Teachers Amount-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 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 TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate Percentage of Return
U.S. Equity	40.00%	5.20%
International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Additional categories	5.00%	4.00%
Cash	2.00%	1.60%
Total	100.00%	

Discount Rate: The discount rate used to measure the total OPEB liability was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projections basis was an actuarial valuation performed as of June 30, 2022. In addition to 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 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 explicitly contribute to the plan.

- Cash flows occur mid-year.

Based on these assumptions, the LIF's fiduciary net position was not projected to be depleted.

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

CERS – General Information about the OPEB Plans

Other Pension Benefit Programs-Employees' Health Plan

Plan description – Recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years – 0%, 4-9 years – 25%, 10-14 years – 50%, 15-19 years – 75% and 20 or more years – 100%.

Benefits provided – Post Retirement Death Benefits – members with a least 4 years creditable service the System will pay a $5,000 death benefit. Insurance benefits as described above.

Contributions - Requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above. Current employees pay 1% toward the insurance fund.

The unfunded medical benefit obligation of the CERS, based upon the entry age normal cost method, as of June 30, 2023 was as follows (in thousands):

Total medical benefit obligation	$ 15,089,106
Net position available for benefits at actuarial value	(8,672,597)
Unfunded medical benefit obligation	$ 6,416,509

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

At June 30, 2024, the District reported a liability of $(157,767) for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the 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 .112096 percent.

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 net OPEB liability	$	(157,767)
Commonwealth's proportionate share of the net OPEB liability associated with the District		-
	$	(157,767)

For the year ended June 30, 2024, the District recognized OPEB revenue of $490,006. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 107,896	$ 2,197,540
Changes of assumptions	304,571	212,256
Net difference between projected and actual earnings on pension plan investments	289,641	325,559
Changes in proportion and differences between District contributions and proportionate share of contributions	17,624	239,985
District contributions subsequent to the measurement date	74,593	-
	$ 794,325	$ 2,975,340

The $74,593 (includes $50,551 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

		Year Ended June 30,
2024	$	(582,012)
2025		(709,570)
2026		(519,165)
2027		(444,862)
	$	(2,255,609)

Implicit Employer 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. GASB 74 requires that the liability associated with thisimplicit subsidy be included in the calculation of the Total OPEB Liability.

Changes of Benefit Terms-None

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

Date of Valuation	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	30-year closed period at June 30, 2023
Asset Valuation Method	20% of difference between the market value of assets and the expected actuarial value of assets.
Price Inflation	2.50%
Salary Increase	3.30 – 10.3%, varies by service
Investment Return	6.50%
Payroll Growth	2.00%
Mortality	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
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 4.05% over period of 14 years.
Healthcare Trend Rates (Phase-In)	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

Discount rate: The discount rate used to measure the total OPEB liability was 5.93%. The rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's insurance fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on Insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the 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 projection of cash flows used to determine the singlediscount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) that applies to CERS.

The following table presents the net OPEB liability of the District, calculated using the discount rate of 5.93%, as well as what the District's net OPEB liability would be if it were calculated using a discount

rate that is 1-percentage-point lower (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

CERS	**1% Decrease**	**Current Discount Rate**	**1% Increase**
	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	$ 290,439	$ (157,767)	$ (527,573)

Sensitivity of the District's proportionate share of net OPEB liability to changes in health care trends is below:

CERS	**1% Decrease**	**Current Trend Rate**	**1% Increase**
District's proportionate share of net OPEB liability	$ (496,056)	$ (157,767)	$ 264,474

NOTE G – COMMITMENTS

The District has commitments of $1,255,811 as of June 30, 2024 for future construction projects.

NOTE H – CONTINGENCIES

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

NOTE I – LITIGATION

The District has no pending or threatened litigation involving amounts exceeding $20,000 individually or in the aggregate as of June 30, 2024.

NOTE J – 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, illegal acts etc. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include Workers' Compensation insurance.

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft/damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers' compensation, unemployment, errors and omission, and general liability coverage, the District purchased commercial insurance policies.

NOTE L – COBRA

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

NOTE M – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Amount		Purpose
General	Special Revenue	$	37,774	KETS
Capital Outlay	Debt Service		203,134	Debt Payments
FSPK	Debt Service		2,063,842	Debt Payments
General	Debt Service	$	344,519	Debt Payments

NOTE N – ON-BEHALF PAYMENTS

For fiscal year 2024, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Plan/Description		Amount
Kentucky Teachers Retirement System (GASB Schedule A)	$	2,885,586
Health and Life Insurance		2,919,705
Administrative Fee		33,660
HRA/Dental/Vision		175,788
Federal Reimbursement		(296,687)
Technology		121,213
SFCC Debt Service Payments		908,412
Total	$	6,747,376

These amounts are included in the financial statements as state revenue and an expense allocated to the different functions in the same proportion as full-time employees.

NOTE O – PRIOR PERIOD ADJUSTMENT

The District had no prior period adjustments.

NOTE P – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 15, 2024 the date the financial statements were available to be issued.

Estill County School District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended June 30, 2024

	Budgeted Amounts: Original	Budgeted Amounts: Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
From Local Sources				
Taxes				
Property	$ 2,270,000	2,270,000	$ 2,228,579	$ (41,421)
Motor vehicle	475,000	475,000	611,500	136,500
Utilities	675,000	675,000	736,277	61,277
Earnings on investments	125,000	125,000	152,106	27,106
Other local revenue	30,505	30,505	48,429	17,924
Intergovernmental - state	16,756,217	16,756,217	17,195,116	438,900
Intergovernmental - federal	100,000	100,000	163,209	63,209
Total revenues	20,431,722	20,431,722	21,135,216	703,495
EXPENDITURES				
Instruction	10,989,511	10,994,088	11,021,839	(27,751)
Support Services				
Student	1,839,108	1,839,108	2,027,706	(188,598)
Instructional Staff	702,817	700,931	859,730	(158,800)
District Administration	742,262	762,262	984,495	(222,233)
School Administration	1,437,017	1,412,093	1,523,135	(111,042)
Business	820,392	820,392	704,238	116,155
Plant Operation & Maintenance	2,075,343	2,141,143	2,281,977	(140,834)
Student Transportation	1,971,323	1,971,323	2,563,538	(592,215)
Other Instructional	350	350	350	-
Food Service Operation	27,790	27,790	(57,597)	85,387
Community Services			98	(98)
Building Improvements			7,500	(7,500)
Debt Service			-	-
Total expenditures	20,605,913	20,669,479	21,917,007	(1,247,528)
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(174,191)	(237,758)	(781,791)	(544,033)
OTHER FINANCING SOURCES (USES)			3,207	
Sale of equipment			3,207	3,207
Operating transfers in	450,000	200,000	-	(200,000)
Operating transfers (out)		(100,000)	(761,415)	(661,415)
Total other financing sources and (uses)	450,000	100,000	(758,208)	(858,208)
NET CHANGE IN FUND BALANCE	275,809	(137,758)	(1,539,999)	(1,402,241)
FUND BALANCE-BEGINNING	1,600,000	1,600,000	2,484,812	884,812
FUND BALANCE-ENDING	$ 1,875,809	$ 1,462,242	$ 944,813	$ (517,429)

See the accompanying notes to the financial statements.

Estill County School District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Special Revenue Fund

Year Ended June 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
From Local Sources				
Other local revenue	$ (652)	26,353	$ -	$ (26,353)
Intergovernmental - state	753,479	1,197,793	1,213,503	15,710
Intergovernmental - federal	3,553,410	2,265,004	3,451,097	1,186,093
Total revenues	4,306,238	3,489,150	4,664,600	1,175,450
EXPENDITURES				
Instruction	3,192,367	2,625,592	2,874,634	(249,041)
Support Services				
Student	391,682	292,211	372,761	(80,550)
Instructional Staff	294,001	114,851	565,275	(450,425)
District Admin	17,188	20,000	130,131	(110,131)
School Admin	6,484		56,901	(56,901)
Business Support	(53,672)	117,371	272,146	(154,775)
Plant Operation & Maintenance	135,285	105,232	280,134	(174,902)
Student Transportation	(1,761)		(297,511)	297,511
Community Services Operations	324,663	313,548	316,578	(3,030)
Debt Services			-	-
Total expenditures	4,306,238	3,588,805	4,571,050	(982,245)
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	-	(99,655)	93,551	193,205
OTHER FINANCING SOURCES (USES)				
Operating transfers in		226,043	37,774	(188,269)
Operating transfers (out)		(126,043)	(57,808)	68,235
Total other financing sources and (uses)	-	100,000	(20,034)	(120,034)
NET CHANGE IN FUND BALANCE		345	73,517	(73,171)
FUND BALANCE-BEGINNING			-	-
FUND BALANCE-ENDING	$ -	$ 345	$ -	$ (73,171)

See the accompanying notes to the financial statements.

ESTILL COUNTY SCHOOL DISTRICT

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

CERS and TRS

For the year ended June 30, 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)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM:								
Districts' proportion of the net pension liability (asset)	0.11210%	0.11756%	0.12044%	0.13122%	0.12597%	0.12960%	0.13000%	0.14000%
District's proportionate share of the net pension liability (asset)	$ 7,192,906	$ 8,498,573	$ 7,679,186	$ 10,064,159	$ 8,859,175	$ 7,892,730	$ 7,605,261	$ 6,649,006
State's proportionate share of the net pension liability (asset) associated with the District								
Total	$ 7,192,906	$ 8,498,573	$ 7,679,186	$ 10,064,159	$ 8,859,175	$ 7,892,730	$ 7,605,261	$ 6,649,006
District's covered-employee payroll	$ 6,046,350	$ 3,404,441	$ 3,089,179	$ 3,313,205	$ 3,265,706	$ 3,267,513	$ 3,205,401	$ 3,247,082
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	118.96%	249.63%	248.58%	303.76%	271.28%	241.55%	237.26%	204.77%
Plan fiduciary net position as a percentage of the total pension liability (asset)	57.68%	52.00%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:								
District's proportion of the net pension liability (asset)	0.282%	0.288%	0.280%	0.284%	0.288%	0.298%	0.000%	0.000%
District's proportionate share of the net pension liability (asset)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability (asset) associated with the District	47,972,172	48,860,050	36,408,192	40,259,710	39,338,003	39,985,731	84,263,333	93,552,217
Total	$ 47,972,172	$ 48,860,050	$ 36,408,192	$ 40,259,710	$ 39,338,003	$ 39,985,731	$ 84,263,333	$ 93,552,217
District's covered-employee payroll	$ 11,240,650	$ 11,229,388	$ 10,327,285	$ 10,349,096	$ 10,116,723	$ 10,331,570	$ 10,463,717	$ 10,262,496
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee 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 pension liability (asset)	57.70%	56.40%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%

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

ESTILL COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
CERS and TRS
For the year ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
COUNTY EMPLOYEE'S RETIREMENT SYSTEM:								
Contractually required contribution	$ 761,433	$ 740,544	$ 576,758	$ 701,062	$ 750,630	$ 668,084	$ 473,136	$ 598,769
Contributions in relation to the contractually required contribution	761,433	740,544	576,758	701,062	750,630	668,084	$ 473,136	$ 598,769
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 6,046,350	$ 3,404,441	$ 3,089,179	$ 3,313,205	$ 3,265,706	$ 3,267,513	$ 3,205,401	$ 3,247,082
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	12.59%	21.75%	18.67%	21.16%	22.99%	20.45%	14.76%	18.44%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:								
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 11,240,650	$ 11,229,388	$ 11,014,031	$ 10,327,285	$ 10,349,096	$ 10,116,723	$ 10,331,570	$ 10,463,717
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	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.

See the accompanying notes to the required supplementary information.

(1) CHANGES OF BENEFITS

There were no changes of benefit terms for TRS or CERS.

(2) CHANGES OF ASSUMPTIONS

TRS

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2020:

- Remaining amortization period changed to 24 years
- Single Equivalent interest rate changed to 7.1%
- Municipal bond rate index changed to 3.66%
- Projected salary increase changed to 3.50-7.20%
- Investment rate of return changed to 7.1%

CERS

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2019:

- Remaining amortization period increased to 30 years
- Salary increase changed to 3.30 to 10.30%

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

TRS

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:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24 years
Inflation	3.0%
Asset Valuation Method	5-year smoothed market value
Single Equivalent Interest Rate	7.1%
Municipal Bond Index Rate	3.66%
Projected Salary Increase	3.50 -7.20%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation.

CERS

The Board of Trustees uses this actuarial valuation to certify the employer contribution rates for CERS for the fiscal year beginning July 1, 2023 and ending June 30, 2024. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization	Period 30 years , Closed *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.0%
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 for CERS Nonhazardous;
Investment Rate of Return	6.25% for CERS Nonhazardous and Hazardous,
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for

ESTILL COUNTY SCHOOL DISTRICT

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

HEALTH AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM

For the year ended June 30, 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)
MEDICAL INSURANCE PLAN						
Districts' proportion of the net OPEB liability (asset)	14.82740%	0.20790%	0.14918%	0.15279%	0.15446%	0.16872%
District's proportionate share of the net OPEB liability (asset)	$ 3,611,000	$ 5,161,000	$ 3,201,000	$ 3,856,000	$ 4,521,000	$ 5,347,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	3,044,000	1,696,000	2,600,000	3,089,000	3,651,000	4,608,000
Total	$ 6,655,000	$ 6,857,000	$ 5,801,000	$ 6,945,000	$ 8,172,000	$ 9,955,000
District's covered-employee payroll	$ 11,240,650	$ 11,229,388	$ 10,327,285	$ 10,349,096	$ 10,116,723	$ 10,331,570
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	32.12%	45.96%	31.00%	37.26%	44.69%	51.75%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	52.97%	47.75%	39.05%	39.10%	32.60%	25.50%
LIFE INSURANCE PLAN						
Districts' proportion of the net OPEB liability (asset)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net OPEB liability (asset)	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	75,000					
Total	$ 75,000	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 11,240,650	$ 11,229,388	$ 10,327,285	$ 10,349,096	$ 10,116,723	$ 10,331,570
District's proportionate share of the net OPEB liability (asseet) as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	76.9100%	73.9700%	89.1500%	71.6000%	73.4000%	75.0000%

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

See the accompanying notes to the required supplementary information.

ESTILL COUNTY SCHOOL DISTRICT

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

HEALTH AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM

For the year ended June 30, 2024

	2024	2023	2022	2021	2020	2019
MEDICAL INSURANCE PLAN						
Contractually required contribution	$ 280,954	$ 275,862	$ 194,860	$ 264,621	$ 269,828	$ 267,290
Contributions in relation to the contractually required contribution	280,954	275,862	194,860	264,621	269,828	267,290
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered-employee payroll	$ 11,240,650	$ 11,229,388	$ 11,014,031	$ 10,327,285	$ 10,349,096	$ 10,116,723
District's proportionate share as a percentage of it's covered-employee payroll	2.50%	2.46%	1.77%	2.56%	2.61%	2.64%
LIFE INSURANCE PLAN						
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered-employee payroll	$ 11,240,650	$ 11,229,388	$ 11,014,031	$ 10,327,285	$ 10,349,096	$ 10,116,723
District's proportionate share as a percentage of it's covered-employee payroll	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.

See the accompanying notes to the required supplementary information.

ESTILL COUNTY SCHOOL DISTRICT

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

HEALTH AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM

For the year ended June 30, 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)
HEALTH INSURANCE PLAN						
Districts' proportion of the net OPEB liability (asset)	0.112096	0.117543	0.12042%	0.13171%	0.12593%	0.12959%
District's proportionate share of the net OPEB liability (asset)	$ (157,767)	$ 2,319,727	$ 2,305,285	$ 3,180,372	$ 2,118,120	$ 2,300,845
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-
Total	$ (157,767)	$ 2,319,727	$ 2,305,285	$ 3,180,372	$ 2,118,120	$ 2,300,845
District's covered-employee payroll	$ 6,046,350	$ 3,404,441	$ 3,089,179	$ 3,313,205	$ 3,265,706	$ 3,267,513
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-2.61%	68.14%	74.62%	95.99%	64.86%	70.42%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	-4.63%	60.94%	62.91%	51.67%	60.44%	57.62%

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

See the accompanying notes to the required supplementary information.

ESTILL COUNTY SCHOOL DISTRICT

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

HEALTH AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM

For the year ended June 30, 2024

	2024	2023	2022	2021	2020	2019
MEDICAL INSURANCE PLAN						
Contractually required contribution	$ 24,042	$ 135,562	$ 111,235	$ 121,060	$ 91,528	$ 70,507
Contributions in relation to the contractually required contribution	24,042	135,562	111,235	121,060	91,528	70,507
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered-employee payroll	$ 6,046,350	$ 3,404,441	$ 2,203,593	$ 3,089,179	$ 3,313,205	$ 3,265,706
District's proportionate share as a percentage of it's covered-employee payroll	0.40%	3.98%	5.05%	3.92%	2.76%	4.70%

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

See the accompanying notes to the required supplementary information.

TRS

(1) CHANGES OF BENEFIT TERMS

There were no changes of benefit terms for the medical insurance fund or the life insurance fund.

(2) CHANGES OF ASSUMPTIONS

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and 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
- The assumed long-term investment rate of return was changed from 8% to 7.1%. The price inflation assumption was
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

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

Medical Insurance Fund

The actuarially determined contribution rates, as a percentage of payroll used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculatedas of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Remaining Amortization	26 years, closed
Asset Valuation Method	5-year smoothed fair value
Inflation	2.5%
Real wage growth	0.25%
Wage inflation	2.75%
Salary Increase	3.0 to 7.5%, including inflation
Discount rate	7.1%

CERS
Other Pension Benefit Programs-Employees' Health Plan

(1) CHANGES OF BENEFIT TERMS

There were no changes of benefit terms.

(2) CHANGES OF ASSUMPTIONS

- Amortization period increased to 30.
- Salary increase changed from 3.30 – 11.55% to 3.30 – 10.30%
- Mortality methodology changed from RP-2000 to MP-2014
- Health care trend rates Pre-65 changed to having an initial trend rate of 6.25% decreasing to 4.05% over 13 years
- Health care trend rates Post-65 changed to having an initial trend rate of 5.5% decreasing to 4.05% over 11 years

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

Recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years – 0%, 4-9 years – 25%, 10-14 years – 50%, 15-19 years – 75% and 20 or more years – 100%.

Contributions requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above.

Actuarial Valuations as Of	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of difference between the market value of assets and the expected actuarial value of assets.
Amortization Method	Level percent of pay
Amortization Period	30 years, closed at June 30, 2023
Payroll Growth	2.00%
Investment Return	6.50%
Price Inflation	2.30%
Salary Increase	3.30 – 10.30%, varies by service
Mortality	MP-2014 mortality improvement scale using a base year of 2023
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over period of 13 years.
Healthcare Trend Rates (Post 65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 4.05% over period of 11 years.
Healthcare Trend Rates (Phase-In)	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

Estill County School District

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2024

	Capital Outlay	Construction	School Activity Fund	Total
Assets				
Cash and Cash Equivalents	$	$	$ 273,646	$ 273,646
Total Assets	-	-	273,646	273,646
Liabilities				
Accounts Payable	$	$	$	$ -
Total Liabilities	-	-	-	-
Fund Balance				
Restricted			273,646	273,646
Total Fund Balance	-	-	273,646	273,646
Total Fund Balance and Liabilitie	$ -	$ -	$ 273,646	$ 273,646

See the accompanying notes to the financial statements.

Estill County School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended June 30, 2024

	Capital Outlay	Construction	School Activity Fund	Total
Revenues				
From Local Sources				
Property Taxes	$	$	$	$ -
Student Activities			453,933	453,933
Earnings on Investments				-
Other Local Revenue				-
Intergovernmental - State	203,134			203,134
Total Revenues	203,134	-	453,933	657,067
Expenditures				
Instruction			465,819	465,819
Food Service Operations				-
Building Acquisitions		1,637,357		1,637,357
Total Expenditures	-	1,637,357	465,819	2,103,177
Excess (Deficit) of Revenues Over Expenditures	203,134	(1,637,357)	(11,886)	(1,446,109)
Other Financing Sources (Uses)				
Transfers In		723,641		723,641
Transfers (Out)	(203,134)	(0)		(203,134)
Total Other Financing Sources (Uses)	(203,134)	723,641	-	520,507
Net Change in Fund Balances	-	(913,717)	(11,886)	(925,603)
Fund Balance Beginning		913,717	285,532	1,199,249
Fund Balance Ending	$ -	$ -	$ 273,646	$ 273,646

See the accompanying notes to the financial statements.

Estill County School District
Combining Balance Sheet - School Activity Funds
June 30, 2024

	SCHOOL ACTIVITY FUNDS					
	SOUTH IRVINE ELEMENTARY	**ESTILL SPRINGS ELEMENTARY**	**WEST IRVINE ELEMENTARY**	**ESTILL COUNTY MIDDLE SCHOOL**	**ESTILL COUNTY HIGH SCHOOL**	**TOTAL**
ASSETS						
Cash and cash equivalents	$ 17,628	$ 31,138	$ 28,413	64,745	$ 131,722	$ 273,646
Total Assets	17,628	31,138	28,413	64,745	131,722	273,646
LIABILITIES						
Accounts payable						-
FUND BALANCE						
School activities	17,628	31,138	28,413	64,745	131,722	273,646
	27,282					
TOTAL LIABILITIES AND FUND BALANCE	$ 17,628	$ 31,138	$ 28,413	64,745	$ 131,722	$ 273,646

See the accompanying notes to the financial statements.

Estill County School District

Combining Statement of Revenues, Expenditures and Changes In Fund Balance - School Activity Fund

Year ended June 30, 2024

	SCHOOL ACTIVITY FUNDS					
	SOUTH IRVINE ELEMENTARY	**ESTILL SPRINGS ELEMENTARY**	**WEST IRVINE ELEMENTARY**	**ESTILL COUNTY MIDDLE SCHOOL**	**ESTILL COUNTY HIGH SCHOOL**	**TOTAL**
Revenues						
Student/Trust revenues	$ 1,136	$ 53,165	$ 80,988	$ 83,937	$ 234,707	$ 453,933
Expenses						
Student/Trust activities	10,790	53,918	84,840	85,641	230,631	465,819
Excess (Deficit) of Revenues Over Expenses	(9,654)	(753)	(3,852)	(1,705)	4,077	(11,886)
Fund Balance Beginning	27,282	31,890	32,265	66,450	127,645	285,532
Fund Balance Ending	$ 17,628	$ 31,138	$ 28,413	$ 64,745	$ 131,722	$ 273,646

See the accompanying notes to the financial statements.

Estill County School District
Statement of Revenues, Expenses and Changes in the Fund Balance - Estill County High School
Year ended June 30, 2024

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
GENERAL FUND	$ 15,000	$ 6,603	$ 11,441	$ (300)	$ 9,862
PARKING PERMITS	1,326	2,220	835		2,711
MISCELLOUS/SOCIAL	115	480	529		66
ADMINISTRATIVE FUNDS	1,074	601	1,307	(250)	118
ECOLOGY CLUB					-
FRESHMAN FUNDS	147				147
ENGINEER GUARANTY B	7				7
STUDENT VENDING	453	4,488	4,639		302
TEACHERS LOUNGE	20	84	78		26
BREAK					-
OFFICE SALES					-
STORE SALES					-
ATHLETIC	54,806	140,206	123,067	358	72,303
AGRICULTURE	2				2
ACADEMIC	0				0
ART	203				203
GREENHOUSE	14,248	3,369	12,703		4,914
INDUSTRIAL ARTS					-
MUSIC/CHORUS	900				900
SPANISH CLUB	565				565
ART CLUB	8				8
AV-READING					-
BETA CLUB	3,176	1,320	1,385		3,112
CAREER ASSOCIATIONS					-
COMPUTER GAMES	10				10
CRAFTS CLUB					-
DECA					-
DESIGNER TICKETS	336				336
FBLA	3,029	1,560	1,008		3,581
FCA	36				36
FCCLA	3,118	14,606	16,507		1,218
FFA	856	6,918	4,369		3,405
FRENCH CLUB	292				292
GTO/RED CROSS	3				3
KEY CLUB	905				905
LITERARY ARTS/THEATER	3,521	3,057	5,822		756
PEP CLUB	455				455
SADD	139				139
SPEECH & DRAMA CLUB	678				678
STUDENT COUNCIL	1,293	2,374	3,129		538
CLASS OF 2019					-
CLASS OF 2020					-
CLASS OF 2021					-
CLASS OF 2022					-
CLASS OF 2023	802		354		448
CLASS OF 2024	384		284		100
CLASS OF 2025	3,198	7,001	6,705		3,493
CLASS OF 2026	477	3,290			3,767
CLASS OF 2027		361			361
LIBRARY COPIES/FEES	38				38
YEARBOOK	4,087	2,405	2,548		3,944
CHESS CLUB	237				237
VICA CLUB					-
KELLEY FUND					-
TOM BOIAN FUND					-
GUIDANCE OFFICE	1,134		170		964
SENIOR TRIP	3,394	14,279	16,207		1,466
ECHS YOUNG DEMOCRATS	78				78
ECHS YOUNG REPUBLICANS	81				81
LOST BOOKS					-
SCIENCE OLYMPIAD					-
SPANISH COMMUNITY	1,751		38		1,713
TATU	1				1
GREEN TEAM	3				3
STLP					-
ROTC	2,337	2,439	419		4,356
CERAMICS CLUB	64				64
FSFB					-
FILM CLUB					-
HOSA	72				72
ARCHERY	10				10
TEEN AUTHOR CLUB	315				315
POSTER MAKER	71				71
ECHSJAG	1,224				1,224
ECHS CHEER BOOSTERS					
P7 CLUB					
DUNGEONS & DRAGONS	0				0
YCLUB		16,178	16,247	300	231
HOBY					
E-SPORTS	108			(108)	
CHROME BOOK SALES	842	868	842		868
MSDCAREER	216				216
TOTALS	$ 127,645	$ 234,707	$ 230,631	$ -	$ 131,722

See the accompanying notes to the financial statements.

Estill County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
US Department of Agriculture					
Passed Through State Department of Education					
National School Lunch Program	10.555				
Fiscal Year 23		7750002 23	$ -	$ N/A	264,386
Fiscal Year 24		7750002 24	-	N/A	893,051
Fiscal Year 23		9980000 23	-	N/A	74,982
Summer Food Service Program	10.559				
Fiscal Year 23		7690024 23	-	N/A	11,516
Fiscal Year 24		7690024 24	-	N/A	1,195
Fiscal Year 24		7740023 23	-	N/A	111,965
		7740023 24	-	N/A	11,646
National School Breakfast Program	10.553				
Fiscal Year 23		7760005 23	-	N/A	104,114
Fiscal Year 24		7760005 24	-	N/A	343,865
Child Nutrition Cluster Subtotal					1,816,720
State Administrative Grant for Nutrition	10.560				
Fiscal Year 24		7700001 24	-	N/A	6,054
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 24		510.4950	-	N/A	91,442
Total US Department of Agriculture					1,914,215
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010	3100002 23	-	1,235,116	420,634
Title I Grants to Local Educational Agencies	84.010	3100002 24	-	1,214,368	1,146,638
					1,567,272
Special Education Grants to States	84.027	3810002 23	-	622,716	216,179
Special Education Grants to States	84.027	3810002 24	-	648,373	454,545
Special Education Grants to States	84.425W	476IC	-	37,509	1,070
Special Education Grants to States COVID	84.027X	4910002 22	-	128,155	8,608
Special Education - Preschool Grants	84.173	3800002 22	-	52,257	34,058
Special Education - Preschool Grants	84.173	3800002 23	-	53,506	17,118
Special Education Cluster Subtotal					731,578
Vocation Education - Basic Grants to States	84.048	3710002 24	-	25,515	17,900
Rural Education	84.358	3140002 21	-	42,279	1,828
Rural Education	84.358	3140002 22	-	50,326	46,309
Rural Education	84.358	3140002 23	-	60,730	48,651
					96,788
Title IV Part A	84.424	3420002 18	-	24,569	3,869
Title IV Part A	84.424	3420002 22	-	61,635	19,161
					23,031
* **Elementary and Secondary School Emergency Relief Fund - COVID**	84.425U	4300005 20	-	8,099,225	614,009
* **Elementary and Secondary School Emergency Relief Fund - COVID**	84.425D	4200002 21	-	3,756,403	119,404
* **American Rescue Plan Emergency & Secondary Funds**	84.425U	4300003 21	-	50,705	23,730
					757,142
Jobs For Kentucky Graduates	17.250	382K	-		76,222
Passed Through Berea College					
Gear Up	84.334A	379J	-	260,400	19,063
Gear Up	84.334A	379K	-	249,116	181,814
					200,877
Total US Department of Education					3,470,810
Total Expenditure of Federal Awards					$ 5,385,025

* Major program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Estill County School District under the programs of the federal government for the year endedJune 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Estill 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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represents 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 value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling $91,422.

NOTE D – INDIRECT COST RATE

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

Shad J. Allen, CPA, PLLC

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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*

To the Board of Education of the Estill County School District
Irvine, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the 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 Estill County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Estill County School District's basic financial statements, and have issued our report thereon dated November 15, 2024

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Shad J. Allen, CPA, PLLC

Richmond, KY
November 15, 2024

Shad J. Allen, CPA, PLLC
PO Box 974
Richmond, Kentucky 40476
Phone 859-806-5290
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of the Estill County School District
Irvine, KY

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Estill County School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Estill County School District's major federal programs for the year ended June 30, 2024. Estill County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Estill County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Estill County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Estill County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Estill County

School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will not 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 Estill County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance 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, 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 Estill County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Estill County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Estill County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Shad J. Allen, CPA, PLLC

Richmond, KY
November 15, 2024

SUMMARY OF AUDITOR'S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed?	None Reported
If so, was any significant deficiencies material (GAGAS)?	N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No

Major Programs:
Elementary and Secondary School Emergency Relief Fund – COVID 19 [ALN 84.425]

Dollar threshold of Type A and B programs	$750,000
Low risk auditee?	No

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

FINDINGS – FINANCIAL STATEMENT AUDIT

No prior year findings.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

APPENDIX F

BOARD OF EDUCATION OF ESTILL COUNTY KENTUCKY GENERAL OBLIGATION BONDS, SERIES OF 2025

STATEMENT OF INDEBTEDNESS

STATEMENT OF INDEBTEDNESS

KY CONST. §§ 157 and 158
KRS § 66.041

COMMONWEALTH OF KENTUCKY	)	
	)	SS
COUNTY OF ESTILL	)	

The undersigned, as the Treasurer of the Board of Education of the Estill County School District (the "District"), does hereby certify that the following statements concerning the financial condition of the District are true and correct, as they appear from records of the District:

1.	The assessed valuation of taxable property in the District as estimated on the last certified assessment is	$716,216,528
2.	The current population of the District is	13,760
3.	The total amount of all bonds, notes, and other obligations of the District issued and outstanding, including the present Bonds of $890,000*	$43,415,000*
4.	Bonds, notes, and other obligations of the District excluded from the calculation of net indebtedness are as follows:	
	(a) Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations	$0
	(b) Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year	$0
	(c) Obligations that are not self-supporting obligations and are issued after July 15, 1996, by any instrumentality of the District created to finance public projects for which there has been no pledge to the payment of debt charges of any tax of the District or for which there is no covenant by the District to collect or levy a tax to pay debt charges	$42,525,000
	(d) Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the District or for which there is no covenant by the District to collect or levy a tax to pay debt charges	$0
	(e) Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year	$0
	(f) Leases entered into under KRS Sections 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases	$0
	(g) Bonds issued in the case of an emergency, when the public health or safety should so require	$0
	(h) Bonds issued to fund a floating indebtedness	$0
	TOTAL EXEMPT OBLIGATIONS	$42,525,000

5. The total amount of bonds, notes, and other obligations of the District subject to the debt limitation set forth in KRS Section 66.041 (Line 3 minus Line 4) is $890,000*

6. The total amount of bonds, notes, and other obligations of the District subject to the debt limitation set forth in KRS Section 66.041, as computed in Line 5 above, does not exceed 2% of the assessed valuation of all of the taxable property in the District.**

7. The current tax rate of the District, for school purposes, upon the value of its taxable property is $.494 per $100 of assessed valuation for real property and $.499 per $100 of assessed valuation for tangible property, which does not exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.

8. The issuance of the bonds, bond anticipation notes, or other obligations set forth in Line 3 hereof will not cause the tax rate set forth in Paragraph 7 hereof to increase in an amount which would exceed the maximum permissible aggregate tax rate for the District permitted by Kentucky law.

IN WITNESS WHEREOF, I have hereunto set my hand this April 23, 2025.

By: ______________________________

Treasurer

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* Preliminary, subject to change

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

(a) Cities, urban-counties, consolidated local governments, and charter counties having a population of 15,000 or more, 10%;

(b) Cities, urban-counties, and charter counties having a population of less than 15,000 but not less than 3,000, 5%;

(c) Cities, urban-counties, and charter counties having a population of less than 3,000, 3%; and

(d) Counties and taxing districts, 2%.

APPENDIX G

BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Suite 115
Louisville, Kentucky 40222
Telephone: 502-423-2000
Telefax: 502-423-2001
www.steptoe-johnson.com

___________, 2025

Board of Education of Estill County, Kentucky
Irvine, Kentucky

Ladies and Gentlemen:

We have served as bond counsel to the Board of Education of Estill County, Kentucky ("Board") and in such capacity have examined the transcript of proceedings for the issue of $890,000 Board of Education of Estill County, Kentucky General Obligation Bonds, Series 2025 (the "Bonds"), dated April 23, 2025, numbered R-1 upward, and of denominations of $5,000 or any integral multiple thereof. The Bonds are issued by the Board on behalf of the Estill County School District ("District"). The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

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

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

2. Under the laws, regulations, rulings, and judicial decisions in effect on the date hereof, interest on the Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Further, interest on the Bonds will not be treated as a specific item of tax preference in computing the Federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In rendering the opinions set forth in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

3. Interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or any political subdivision thereof.

The Board has designated the Bonds as "qualified tax-exempt obligations" with respect to investments by certain financial institutions under Section 265 of the Code.

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

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

APPENDIX H

**BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025**

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that its participants (the "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 the Direct Participants' accounts, which eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers, dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"), which is the holding company for DTC, the National Securities Clearing Corporation, and the Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, including both U.S. and non-U.S. securities brokers, dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with any Direct Participant, either directly or indirectly (the "Indirect Participants" and, together with the Direct Participants, the "Participants"). DTC has a rating of AA+ from S&P. The DTC Rules that are applicable to the 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 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 (each, a "Beneficial Owner") is, in turn, to be recorded on the records of the Direct Participants and the Indirect Participants. The Beneficial Owners will not receive written confirmation from DTC of their purchase; provided, however, that the Beneficial Owners are expected to receive written confirmations providing details of such transaction, as well as periodic statements of their holdings, from the Direct Participant or the Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct Participants and the Indirect Participants acting on behalf of the Beneficial Owners. The Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all of the 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership of the Bonds. 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 Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The conveyance of notices and any other communications by DTC to the Direct Participants, by the Direct Participants to the Indirect Participants, and by the Direct Participants and the Indirect Participants to the 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. The Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events relating to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, the Beneficial Owners may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. Alternatively, the Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 dividend payments on the Bonds will be made to Cede &. Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or the Paying Agent, on the payable date in accordance with their respective holdings shown upon DTC's records. All payments by the Participants to the Beneficial Owners will be governed by standing instructions and customary practices, as is the case with any securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of the District or the Paying Agent, the disbursement of such payments to Direct Participants will be the responsibility of DTC, and the disbursement of such payments to Beneficial Owners will be the responsibility of the Direct Participants and the Indirect Participants.

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

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

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

APPENDIX I

**BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025**

OFFICIAL TERMS AND CONDITIONS

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$890,000*
BOARD OF EDUCATION OF ESTILL COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025

Notice is hereby given that electronic bids will be received by the Board of Education of Estill County, Kentucky (the "Board"), until 11:00 a.m., E.D.S.T. on April 2, 2025, at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622, for the bonds of the Board described herein (the "Bonds"). To be considered, Bids must be submitted on an Official Bid Form and delivered to the Secretary of the Board at the address indicated, on the date of sale, no later than the hour indicated. Alternatively, electronic bids for the Bonds may be submitted through the BiDCOMP™/PARITY™ system, as described herein. Bids will be opened by the Secretary and may be accepted without further action by the Board.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

The Bonds are authorized by Sections 66.011 to 66.191, inclusive, of Kentucky Revised Statutes, as amended (the "General Obligation Act"), and Section 160.160 of Kentucky Revised Statutes, as amended, and are being issued under and in accordance with a Bond Resolution adopted by the Board on March 20, 2025 (the "Bond Resolution"). The Bonds are general obligation bonds and constitute a direct indebtedness of the Board. The Bonds are issued by the Board for the benefit of the Estill County School District ("District"). The Bonds are secured by the Board's ability to levy, and its pledge to levy, an ad valorem tax on all property within the District in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purposes of (i) financing the costs of the acquisition, construction, installation, and equipping of athletic improvements at throughout the District (the "Project") and (ii) paying all or a portion of the costs of issuance of the Bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS, AND PAYING AGENT

The Bonds shall be dated their date of initial issuance and delivery, bearing interest from such date, payable on each April 1 and October 1, commencing October 1, 2025.

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

Maturity	Amount*	Maturity	Amount*
April 1, 2026	$5,000	April 1, 2036	$5,000
April 1, 2027	5,000	April 1, 2037	5,000
April 1, 2028	5,000	April 1, 2038	5,000
April 1, 2029	5,000	April 1, 2039	10,000
April 1, 2030	5,000	April 1, 2040	5,000
April 1, 2031	5,000	April 1, 2041	10,000
April 1, 2032	5,000	April 1, 2042	10,000
April 1, 2033	5,000	April 1, 2043	385,000
April 1, 2034	5,000	April 1, 2044	405,000
April 1, 2035	5,000		

The Bonds maturing on or after April 1, 2034 are subject to optional redemption on April 1, 2033 or any date thereafter, in whole or in part, in such order of maturity as shall be designated in writing by the District, and by lot within a maturity, at the election of the District upon thirty-five days' written notice to Regions Bank, Nashville, Tennessee, as Paying Agent and Registrar for the Bonds (the "Paying Agent and

* Preliminary, subject to Permitted Adjustment as described herein.

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

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

BIDDING CONDITIONS AND RESTRICTIONS

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

(i) Bid Form. Bids shall be for the entire issue and shall be made on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the lowest and best bid.

(ii) Minimum Bid. Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than $872,200 (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

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

(iv) Award; Adjustment. The determination of the best purchase bid for each of the Bonds will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) which, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds, as set forth in the Official Bid Form for the Bonds, for exactly $890,000 principal amount of Bonds offered for sale hereunder. Upon determination of the lowest true interest rate, the principal amounts of the Bonds shall be immediately adjusted by the Board in order to determine the maturities of the final bond issue. The successful bidder will be required to accept the Bonds in the amounts so computed, whether the principal amount has been increased in an amount up to 10% or decreased in an amount deemed by the Board to be in the best interest of the Board (the "Permitted Adjustment") and to pay the purchase price based upon the aggregate amount of the final issue.

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

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

(vi) Interest Rates. Bidders must stipulate interest rates in multiples of 1/8, 1/10, or 1/20 of 1%. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. There is no limit on the number of different interest rates. Interest rates may not exceed 5% per annum.

(vii) Submission of Bids. Each bid, if submitted in physical form, must be on the Official Bid Form shall be placed in a sealed envelope addressed to the Board, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the "Board of Education of Estill County, Kentucky General Obligation Bonds, Series of 2025." No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of the School Facilities Construction Commission before the time set forth at the beginning of these Official Terms and Conditions.

Notice is hereby given that electronic proposals will be received via BIDCOMP™/PARITY™, in the manner prescribed by these Official Terms and Conditions, until 11:00 a.m., E.D.S.T., on April 2, 2025, and no bid received after such time shall be accepted. Electronic bids for the Bonds must be submitted through the BIDCOMP™/PARITY™ system, and no other provider of electronic bidding services will be accepted. A subscription to the BiDCOMP™/PARITY™ System is required in order to submit an electronic bid for the Bonds. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids, whether in electronic or written form. Electronic bids made through the BiDCOMP™/PARITY™ facilities shall be deemed an offer to purchase in response to the Notice of Bond Sale, and shall be binding upon such bidders as if made by signed, sealed, and written bids delivered to the Board. The Board shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. To the extent any instructions or directions provided by the BIDCOMP™/PARITY™ system conflict with these Official Terms and Conditions, the terms of these Official Terms and Conditions shall control. For additional information regarding the BIDCOMP™/PARITY™ system, potential bidders may contact the Independent Registered Municipal Advisor or BIDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, New York 10010, Telephone: (212) 404-8102.

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

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

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

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

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

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

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

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

(xvi) Independent Registered Municipal Advisor. Bidders are advised that Robert W. Baird & Co., Inc., Louisville, Kentucky has been employed as an Independent Registered Municipal Advisor in connection with the issuance of the Bonds. Its fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.

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

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

(1) the Board shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the Board may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the Board anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth herein.

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

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

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

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

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

CONTINUING DISCLOSURE

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

TAX TREATMENT

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

The Board has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

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

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

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

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

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

BOARD OF EDUCATION OF ESTILL
COUNTY, KENTUCKY

By: /s/ Charlie Brock, Secretary

APPENDIX J

BOARD OF EDUCATION OF ESTILL COUNTY
KENTUCKY GENERAL OBLIGATION BONDS,
SERIES OF 2025

OFFICIAL BID FORM

OFFICIAL BID FORM
BOARD OF EDUCATION OF ESTILL COUNTY, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for $890,000 of General Obligation Bonds, Series 2025 (the "Bonds"), dated their date of initial issuance and delivery, offered for sale by the Board of Education of Estill County, Kentucky (the "Board") in accordance with the Preliminary Official Statement dated March 26, 2025 and the related Notice of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the $890,000 principal amount of the Bonds, the total sum of $____________ (not less than $872,200) at the following annual rate(s), payable semiannually (rates of any maturity may be less than any preceding maturity, number of interest rates unlimited but no rate may exceed 5.00%):

Maturity	Amount*	Interest Rate	Maturity	Amount*	Interest Rate
April 1, 2026	$5,000	________%	April 1, 2036	$5,000	________%
April 1, 2027	5,000	________%	April 1, 2037	5,000	________%
April 1, 2028	5,000	________%	April 1, 2038	5,000	________%
April 1, 2029	5,000	________%	April 1, 2039	10,000	________%
April 1, 2030	5,000	________%	April 1, 2040	5,000	________%
April 1, 2031	5,000	________%	April 1, 2041	10,000	________%
April 1, 2032	5,000	________%	April 1, 2042	10,000	________%
April 1, 2033	5,000	________%	April 1, 2043	385,000	________%
April 1, 2034	5,000	________%	April 1, 2044	405,000	________%
April 1, 2035	5,000	________%			

The Bonds maturing in the following years:________ are sinking fund redemption amounts for term bonds due _______________. The Bonds maturing in the following years: ______________ are sinking fund redemption amounts for term bonds due _______________.

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

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

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

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

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

Respectfully submitted,

____
Bidder

____
Address

By: ___________________________________
Signature

Total interest cost: Date of Delivery (estimated to be April 23, 2025) to Final Maturity	$_______________
(Less Premium) or Plus Discount, if any	$_______________
Aggregate interest cost	$_______________
True interest cost (i.e. TIC)	______________%

The above computation of true interest cost is submitted for information only and is not a part of this Bid.

Accepted by the Secretary of the Board of Education of Estill County, Kentucky for $_________________ principal amount of Bonds at the price of $_______________ as follows:

Maturity	Amount	Interest Rate	Maturity	Amount	Interest Rate
April 1, 2026	$________	______%	April 1, 2036	$________	______%
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	$________	______%			

____
Secretary, Board of Education
of Estill County, Kentucky

Dated: April 2, 2025