

DATED MARCH 9, 2021

**NEW ISSUE**  
**Electronic Bidding via Parity®**  
**BOOK-ENTRY-ONLY SYSTEM**

**RATING**  
**Moody's: " "**

*In the opinion of Bond Counsel, under existing law interest on the Bonds will be includable in gross income of the holders thereof for purposes of federal taxation. The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Status" herein).*

**\$2,635,000\***  
**PULASKI COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REFUNDING REVENUE BONDS,**  
**TAXABLE SERIES OF 2021**

**Dated with Delivery: April 7, 2021**

**Due: as shown below**

Interest on the Bonds is payable each February 1 and August 1, beginning August 1, 2021. The Bonds will mature as to principal on February 1, 2022 and each February 1 thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$1,000 and integral multiples thereof.

Maturing		Interest	Reoffering	Maturing		Interest	Reoffering		
1-Feb	Amount*	Rate	Yield	CUSIP	1-Feb	Amount*	Rate	Yield	CUSIP
2022	\$115,000	%	%		2028	\$120,000	%	%	
2023	\$105,000	%	%		2029	\$130,000	%	%	
2024	\$105,000	%	%		2030	\$555,000	%	%	
2025	\$115,000	%	%		2031	\$570,000	%	%	
2026	\$115,000	%	%		2032	\$590,000	%	%	
2027	\$115,000	%	%						

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

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

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

The Pulaski County (Kentucky) School District Finance Corporation will until March 17, 2021 at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

**\*As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$265,000.**

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

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

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



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

**PULASKI COUNTY  
BOARD OF EDUCATION**

Cindy Price, Chairperson  
Rebekah Branscum, Vice-Chair  
Laura Carrigan, Member  
Patty Edwards, Member  
Daphne Tucker, Member

Patrick Richardson, Superintendent/Secretary

**PULASKI COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

Cindy Price, President  
Rebekah Branscum, Vice-President  
Laura Carrigan, Member  
Patty Edwards, Member  
Daphne Tucker, Member

Patrick Richardson, Secretary  
Rebecca Wright, Treasurer

**BOND COUNSEL**

Step toe & Johnson PLLC  
Louisville, Kentucky

**FINANCIAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

The Citizen's National Bank of Somerset  
Somerset, Kentucky

**BOOK-ENTRY-ONLY-SYSTEM**

## REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Pulaski County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable Series of 2021, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

## TABLE OF CONTENTS

	Page
Introduction .....	1
Book-Entry-Only System .....	1
The Corporation .....	3
Kentucky School Facilities Construction Commission; No Participation in this Issue .....	3
Commonwealth Budget for Period Ending June 30, 2022 .....	4
Outstanding Bonds .....	4
Authority .....	5
The Bonds .....	5
General .....	5
Registration, Payment and Transfer .....	5
Redemption .....	5
Security .....	6
General .....	6
The Lease; Pledge of Rental Revenues .....	6
State Intercept .....	6
Verification of Mathematical Accuracy .....	6
The Plan of Refunding .....	6
Purpose of the Prior Bonds .....	7
Estimated Bond Debt Service .....	7
Estimated Use of Bond Proceeds .....	8
District Student Population .....	8
State Support of Education .....	8
Support Education Excellence in Kentucky (SEEK) .....	8
Capital Outlay Allotment .....	9
Facilities Support Program of Kentucky .....	9
Local Support .....	10
Homestead Exemption .....	10
Limitation on Taxation .....	10
Local Thirty Cents Minimum .....	10
Additional 15% Not Subject to Recall .....	10
Assessment Valuation .....	10
Special Voted and Other Local Taxes .....	11
Local Tax Rates, Property Assessments and Revenue Collections .....	12
Overlapping Bond Indebtedness .....	12
SEEK Allotment .....	13
State Budgeting Process .....	13
COVID-19 .....	13
Potential Legislation .....	14
Continuing Disclosure .....	14
Tax Status .....	14
Absence of Material Litigation .....	14
Approval of Legality .....	15
No Legal Opinion Expressed as to Certain Matters .....	15
Bond Rating .....	15
Financial Advisor .....	15
Approval of Official Statement .....	15
Demographic and Economic Data .....	APPENDIX A
Financial Data .....	APPENDIX B
Continuing Disclosure Agreement .....	APPENDIX C
Official Terms & Conditions of Bond Sale .....	APPENDIX D
Official Bid Form .....	APPENDIX E

**OFFICIAL STATEMENT  
Relating to the Issuance of**

**\$2,635,000\***

**PULASKI COUNTY SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS,  
TAXABLE SERIES OF 2021**

*\*Subject to Permitted Adjustment*

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Pulaski County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Taxable Series of 2021 (the "Bonds").

The Bonds are being issued to (i) pay the maturing principal and accrued interest and refund at or in advance of maturity on January 1, 2022, all of the outstanding Pulaski County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated January 1, 2012 (the "2012 Bonds") maturing January 1, 2022 and thereafter (the "Refunded Bonds"); and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Pulaski County School District (the "District") and is in the best interest of the District.

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

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated April 7, 2021, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

**BOOK-ENTRY-ONLY-SYSTEM**

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code,

and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

## **THE CORPORATION**

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

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

## **KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE**

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

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2021. Inter alia, the Budget provides \$124,836,200 in FY 2020-21 to pay debt service on existing and future bond issues; \$58,000,000 of the Commission's previous Offers of Assistance made during the last biennium; and authorizes \$58,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2022.

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

<u>Biennium</u>	<u>Appropriation</u>
1986-88	\$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-21	<u>2,946,900</u>
Total	\$183,861,200

### **BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022**

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

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

Due to the unforeseen nature on the economy of the Commonwealth caused by the COVID-19 pandemic, in its 2020 regular session, the General Assembly adopted only a one-year budget for the biennial period ending June 30, 2022 which was approved and signed by the Governor. The biennial budget will be reviewed and supplemented during the General Assembly's 2021 regular session. Such budget became effective beginning July 1, 2020. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at [www.osbd.ky.gov](http://www.osbd.ky.gov).

### **OUTSTANDING BONDS**

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

### **AUTHORITY**

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

- i) the issuance of approximately \$2,635,000 of Bonds subject to a permitted adjustment of \$265,000;
- ii) the advertisement for the public sale of the Bonds;
- iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,



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

**THE BONDS**

**General**

The Bonds will be dated April 7, 2021, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2021, and will mature as to principal on February 1, 2022 and each February 1 thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

**Registration, Payment and Transfer**

The Bonds are to be issued in fully-registered form (both principal and interest). The Citizen’s National Bank of Somerset, Somerset, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on February 1 and August 1 of each year, beginning August 1, 2021 (Record Date is 15th day of month preceding interest due date).

**Redemption**

The Bonds maturing on or after February 1, 2030 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2029, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

<b>Redemption Date</b>	<b>Redemption Price</b>
February 1, 2029 and thereafter	100%

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

**SECURITY**

**General**

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the Project; provided, however, said lien and pledge are on parity with the liens and pledges securing the Corporation’s outstanding School Building Revenue Bonds issued to improve the building in which the Project is located.

**The Lease; Pledge of Rental Revenues**

The Board has leased the school Project securing the Bonds for an initial period from April 7, 2021, through June 30, 2021 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until February 1, 2032, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

## **STATE INTERCEPT**

Under the terms of the 2021 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2021 Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the 2021 Lease to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

## **VERIFICATION OF MATHEMATICAL ACCURACY**

AMTEC, will verify from the information provided to them the mathematical accuracy as of the date of the closing of the Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the Financial Advisor's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Prior Bonds, and (2) the computations of yield on both the securities and the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Bonds is not includable in gross income for federal income tax purposes. AMTEC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

## **THE PLAN OF REFUNDING**

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into the Bond Fund for the Refunded Bonds. The Bond Fund deposit is intended to be sufficient to (i) pay the maturing principal and accrued interest and refund in advance of maturity all of the outstanding Pulaski County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated January 1, 2012 (the "2012 Bonds") maturing January 1, 2022 and thereafter, (the "Refunded Bonds"); and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Pulaski County School District (the "District") and is in the best interest of the District.

Any investments purchased for the Bond Fund shall be limited to (i) direct Obligations of or Obligations guaranteed by the United States government, or (ii) Obligations of agencies or corporations of the United States as permitted under KRS 66.480(1)(b) and (c) or (iii) Certificates of Deposit of FDIC banks fully collateralized by direct Obligations of or Obligations guaranteed by the United States.

The Plan of Refunding the Bonds of the Prior Issue as set out in the Preliminary Official Statement is tentative as to what Bonds of the Prior Issue shall be refunded and will not be finalized until the sale of the Refunding Bonds.

## **PURPOSE OF THE PRIOR BONDS**

The Refunded Bonds were issued by the Corporation for the purpose of providing funds to finance renovations at Pulaski County High School (the "Project").

*The remainder of this page intentionally left blank.*

### ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet 100% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	-- Series 2021 Ref Rev Bonds (100% Local) --			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2021	\$4,696,502				\$4,677,438
2022	\$4,804,878	\$115,000	\$31,801	\$146,801	\$4,783,843
2023	\$4,803,726	\$105,000	\$37,790	\$142,790	\$4,784,191
2024	\$4,801,790	\$105,000	\$36,740	\$141,740	\$4,783,755
2025	\$4,801,456	\$115,000	\$35,690	\$150,690	\$4,780,121
2026	\$4,800,320	\$115,000	\$34,540	\$149,540	\$4,780,820
2027	\$4,830,079	\$115,000	\$33,275	\$148,275	\$4,807,241
2028	\$4,840,671	\$120,000	\$31,838	\$151,838	\$4,819,789
2029	\$4,837,738	\$130,000	\$30,218	\$160,218	\$4,818,871
2030	\$3,477,778	\$555,000	\$28,333	\$583,333	\$3,458,020
2031	\$3,478,675	\$570,000	\$19,730	\$589,730	\$3,458,750
2032	\$2,254,247	\$590,000	\$10,325	\$600,325	\$2,254,247
2033	\$2,266,343				\$2,266,343
2034	\$2,284,979				\$2,284,979
2035	\$222,195				\$222,195
2036	\$228,018				\$228,018
2037	\$223,693				\$223,693
2038	\$224,305				\$224,305
2039	\$229,793				\$229,793
2040	\$230,070				\$230,070
2041	\$106,785				\$106,785
<b>TOTALS:</b>	\$58,444,038	\$2,635,000	\$330,279	\$2,965,279	\$58,223,264

Notes: Numbers are Rounded to the nearest \$1.00.

### ESTIMATED USE OF BOND PROCEEDS

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

<b>Sources:</b>	
Par Amount of Bonds	\$2,635,000.00
Total Sources	\$2,635,000.00
<b>Uses:</b>	
Deposit to Escrow Fund	\$2,572,110.00
Underwriter's Discount (1%)	26,350.00
Cost of Issuance	36,540.00
Total Uses	\$2,635,000.00

## DISTRICT STUDENT POPULATION

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

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	6,882.8	2010-11	7,237.6
2001-02	6,754.4	2011-12	7,236.5
2002-03	6,773.0	2012-13	7,255.4
2003-04	6,777.5	2013-14	7,246.8
2004-05	6,925.0	2014-15	7,243.4
2005-06	6,917.7	2015-16	7,343.5
2006-07	7,017.7	2016-17	7,445.9
2007-08	7,162.5	2017-18	7,430.7
2008-09	7,213.5	2018-19	7,413.6
2009-10	7,259.8	2019-20	7,428.2

*Source: Kentucky State Department of Education.*

## STATE SUPPORT

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

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

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

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

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

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
2000-01	688,280.0	2010-11	723,756.0
2001-02	675,440.0	2011-12	723,650.0
2002-03	677,300.0	2012-13	725,542.0
2003-04	677,750.0	2013-14	724,682.0
2004-05	692,500.0	2014-15	724,335.0
2005-06	691,770.0	2015-16	734,350.0
2006-07	701,770.0	2016-17	744,590.0
2007-08	716,250.0	2017-18	743,070.0
2008-09	721,354.0	2018-19	741,360.0
2009-10	725,981.0	2019-20	742,820.0

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

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

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

### **LOCAL SUPPORT**

**Homestead Exemption.** Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes \$6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to \$39,300 effective January 1, 2019.

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

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

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

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

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

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

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

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

**Local Tax Rates, Property Assessments and Revenue Collections**

<b>Tax Year</b>	<b>Combined Equivalent Rate</b>	<b>Total Property Assessment</b>	<b>Property Revenue Collections</b>
2000-01	49.1	1,833,142,686	9,000,731
2001-02	50.5	1,964,452,236	9,920,484
2002-03	49.1	2,026,022,103	9,947,769
2003-04	49.1	2,105,999,750	10,340,459
2004-05	51.6	2,295,131,563	11,842,879
2005-06	50.5	2,479,385,849	12,520,899
2006-07	56	2,574,685,202	14,418,237
2007-08	50.5	2,791,917,049	14,099,181
2008-09	55.1	2,956,190,926	16,288,612
2009-10	55.1	2,996,132,901	16,508,692
2010-11	55.2	3,113,127,351	17,184,463
2011-12	54.9	3,086,452,488	16,944,624
2012-13	56.5	3,132,941,444	17,701,119
2013-14	57.1	3,157,892,838	18,031,568
2014-15	60.1	3,196,812,800	19,212,845
2015-16	60.6	3,272,496,188	19,831,327
2016-17	62.3	3,347,983,337	20,857,936
2017-18	62.7	3,432,920,219	21,524,410
2018-19	65.5	3,521,195,105	23,063,828
2019-20	64.6	3,616,107,633	23,360,055

**OVERLAPPING BOND INDEBTEDNESS**

The following table shows any other overlapping bond indebtedness of the Pulaski County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2020.

<b>Issuer</b>	<b>Original Principal Amount</b>	<b>Amount of Bonds Redeemed</b>	<b>Current Principal Outstanding</b>
County of Pulaski			
General Obligation	\$13,257,891	\$3,660,600	\$9,597,291
Utilities Revenue	\$11,800,000	\$0	\$11,800,000
Courthouse Annex Lease Revenue	\$14,205,000	\$5,265,000	\$8,940,000
Educational Development Revenue	\$1,202,669	\$230,809	\$971,860
Refunding Revenue	\$5,868,011	\$0	\$5,868,011
Vehicles Revenue	\$236,647	\$0	\$236,647
City of Burnside			
Improvement Project Revenue	\$1,166,000	\$105,000	\$1,061,000
Refinancing Revenue	\$695,000	\$125,000	\$570,000
City of Eubank			
Water Revenue	\$3,236,000	\$1,259,300	\$1,976,700
Industrial Park Revenue	\$1,800,000	\$241,000	\$1,559,000
Improvement Project Revenue	\$925,000	\$124,000	\$801,000
City of Ferguson			
Water Revenue	\$184,000	\$101,000	\$83,000

City of Science Hill			
Water & Sewer Revenue	\$2,029,500	\$647,000	\$1,382,500
City of Somerset			
General Obligation	\$18,160,000	\$1,109,500	\$17,050,500
Improvement Project Revenue	\$19,000,000	\$2,176,000	\$16,824,000
Special Districts			
Pulaski County Library District	\$7,345,000	\$1,990,000	\$5,355,000
Western Pulaski County Water Dist.	\$8,829,000	\$2,671,000	\$6,158,000
Somerset-Pulaski County Airport Board	\$610,000	\$80,000	\$530,000
Totals:	\$110,549,718	\$19,785,209	\$90,764,509

Source: 2020 Kentucky Local Debt Report.

### SEEK ALLOTMENT

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

	<b><u>Base Funding</u></b>	<b><u>Local Tax Effort</u></b>	<b><u>Total State &amp; Local Funding</u></b>
2019-20 SEEK	32,508,974	23,360,055	55,869,029
2018-19 SEEK	32,952,354	23,063,828	56,016,182
2017-18 SEEK	32,661,980	21,524,410	54,186,390
2016-17 SEEK	32,425,935	20,857,936	53,283,871
2015-16 SEEK	31,736,126	19,831,327	51,567,453
2014-15 SEEK	30,678,860	19,212,845	49,891,705
2013-14 SEEK	30,315,654	18,031,568	48,347,222
2012-13 SEEK	30,255,307	17,701,119	47,956,426
2011-12 SEEK	30,575,558	16,944,624	47,520,182
2010-11 SEEK	28,108,895	17,184,463	45,293,358
2009-10 SEEK	28,338,665	16,508,692	44,847,357
2008-09 SEEK	31,798,411	16,288,612	48,087,023
2007-08 SEEK	31,471,534	14,099,181	45,570,715
2006-07 SEEK	28,369,780	14,418,237	42,788,017
2005-06 SEEK	27,691,739	12,520,899	40,212,638
2004-05 SEEK	26,404,558	11,842,879	38,247,437
2003-04 SEEK	25,803,732	10,340,459	36,144,191
2002-03 SEEK	25,141,619	9,947,769	35,089,388
2001-02 SEEK	24,291,230	9,920,484	34,211,714
2000-01 SEEK	25,177,531	9,000,731	34,178,262

- (1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at \$100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.
- (2) The Board established a current equivalent tax rate (CETR) of \$0.593 for FY 2019-20. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.



## State Budgeting Process

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

## COVID-19

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States and the Commonwealth of Kentucky, has been declared a Pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic.

While the collection of property taxes, which are a significant source of building fund revenue for the payment of principal and interest due on the bonds (see "LOCAL SUPPORT" herein) may be impacted by the COVID-19 emergency, the District does not expect the impact to be significant unless the economic hardship is long term. In addition, the Commonwealth of Kentucky revenues are also likely to be impacted by a long-term economic hardship caused by declining collections of sales taxes, wage taxes, income taxes, property taxes and other revenue sources. The impact of those declining revenue collections on state education funds (see "STATE SUPPORT" herein) is unknown. Although the potential impact of the virus on the Commonwealth and the Board of Education's future ability to make payments under the Lease cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Board of Education and ultimately, the Corporation.

On March 24, 2020 the Governor of Kentucky signed Senate Bill 177 which provides relief to Kentucky School Districts in light of the Coronavirus emergency. Among other things, it removes the limits on the number of days that a district can utilize an approved Non-Traditional Instruction program ("NTI"). Senate Bill 177 also authorizes Kentucky Superintendents to use their school year 2018-2019 attendance data on their Superintendent's Annual Attendance Report. The report determines a district's average daily attendance used in calculating Support Education Excellence in Kentucky ("SEEK") funds. On Friday, Dec. 18, 2020, Gov. Andy Beshear issued Executive Order No. 2020-1041 (EO 2020-1041), which outlines requirements and recommendations for the reopening of schools in January 2021. For more information on the Kentucky Department of Education's response to COVID 19, please see their website at <https://education.ky.gov/comm/Pages/COVID-19-Updates.aspx>.

## **POTENTIAL LEGISLATION**

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

## **CONTINUING DISCLOSURE**

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

In the past five (5) years, the Board and the Corporation have made the required filings under the terms of the Continuing Disclosure Agreement between the Board and the Corporation executed in connection with previous bond issues.

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

Financial information regarding the Board may be obtained from Superintendent, Pulaski County Board of Education, 501 E. University Drive, Somerset, Kentucky 42502 Telephone (606) 679-1123.

## **TAX STATUS**

Bond Counsel advises as follows:

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

(B) The interest income from the Refunding Bonds is includable in the gross income of the recipient thereof for Federal income tax purposes under existing law.

## **ABSENCE OF MATERIAL LITIGATION**

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

## **APPROVAL OF LEGALITY**

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

## **NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS**

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

## **BOND RATING**

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

## **FINANCIAL ADVISOR**

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

## **APPROVAL OF OFFICIAL STATEMENT**

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

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



**APPENDIX A**

**Pulaski County School District Finance Corporation  
School Building Refunding Revenue Bonds  
Taxable Series of 2021**

---

---

**Demographic and Economic Data**

## **PULASKI COUNTY, KENTUCKY**

Somerset, situated on the northeastern edge of Lake Cumberland, is the county seat of Pulaski County. Somerset is located 76 miles south of Lexington, Kentucky; 117 miles northwest of Knoxville, Tennessee; and 131 miles southeast of Louisville, Kentucky. Somerset had an estimated 2020 population of 11,227.

Pulaski County, which covers a land area of 662 square miles, is located in southern Kentucky. The county had an estimated population 2020 population of 64,524.

### **The Economic Framework**

Pulaski County has a labor force of 27,820 people, with an unemployment rate of 4.7%. The top 5 jobs by occupation are as follows: sales - 3,276 (11.57%); office and administrative support - 3,146 (11.11%); executive, managers, and administrators - 2,171 (7.67%); production workers - 2,111 (7.46%); and health diagnosing and treating practitioners - 1,837 (6.49%).

### **Transportation**

Major highways serving Somerset are U.S. Highway 27, the Cumberland Parkway, and Kentucky Routes 80 and 461. Interstate Highway 75 is accessible 32 miles east, via Kentucky 80; and 16 miles northeast via Kentucky 461. Twenty-one common carrier trucking companies provide interstate and/or intrastate service to the area. Main line rail service is provided to Somerset by Norfolk Southern Corporation. The Somerset Pulaski County Airport, two miles south of Somerset, maintains a 5,500-foot paved runway. The nearest scheduled commercial airline service is available at Blue Grass Airport near Lexington, Kentucky, 80 miles north of Somerset.

### **Power and Fuel**

Electric power is provided to Somerset and Pulaski County by Kentucky Utilities Company, an electric generation and transmission company. Pulaski County is also served by South Kentucky Rural Electric Cooperative Corporation. Natural gas service in Somerset is provided by Somerset Gas Service.

### **Education**

Primary and secondary education is provided to Somerset and Pulaski County by the Somerset Independent School System and the Pulaski County School System. The Somerset Independent School System is accredited by the Southern Association of Colleges and Schools. Somerset Community College, offers associate degrees and curricula for the first two years of a baccalaureate program. In addition, eight other colleges and universities are located within 60 miles of Somerset. Post-secondary education is available at The Somerset Technical College.

## **LOCAL GOVERNMENT**

### **Structure**

The City of Somerset is served by a mayor and twelve council members. Pulaski County is served by a county judge/executive and seven magistrates.

### **Planning and Zoning**

- City agency - Somerset Planning and Zoning
- Zoning enforced - Within corporate limits of Somerset
- Subdivision regulations enforced - Within corporate limits of Somerset and one mile beyond
- Local codes enforced - Building and housing
- Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

## Local Fees and Licenses

The City of Somerset levies a business fee ranging from \$10 to \$500 annually. The business license fee for manufacturers is based on the number of employees: 25 employees or less - \$100; 26 to 50 employees \$200; 51 to 100 employees - \$300; 101 to 200 employees - \$400; more than 200 employees -

## Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes, and school district taxes (either a county school district or an independent school district). Property located inside of city limits may also be subject to city property taxes.

Special local taxing jurisdictions (fire protection districts, watershed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county). Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value.

## LABOR MARKET STATISTICS

The Somerset Labor Market Area includes Pulaski County and the adjoining Kentucky counties of Adair, Casey, Laurel, Lincoln, McCreary, Rockcastle, Russell, and Wayne.

### Population

<u>Area</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Somerset	11,453	11,457	11,227
Pulaski County	64,624	64,524	64,832

*Source: U.S. Department of Commerce, Bureau of the Census*

### Population Projections

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Pulaski County	67,345	68,854	70,180

*Source: Kentucky State Data Center, University of Louisville*

## EDUCATION

### Public Schools

	<u>Pulaski County</u>	<u>Science Hill Independent</u>	<u>Somerset Independent</u>
Pupil-Teacher Ratio (2018-2019)	16 - 1	16 - 1	14 - 1
Total Student Enrollment (2018-2019)	8,103	389	1,571

## Vocational-Technical Training

Kentucky Tech schools are operated by the Cabinet for Workforce Development and provide secondary (Sec) and postsecondary (P/S) vocational-technical training.

<b><u>Technical School</u></b>	<b><u>Location</u></b>	<b><u>(2017-2018)</u></b>
Pulaski County ATC	Somerset, KY	462
Wayne County ATC	Monticello, KY	621
Casey County ATC	Liberty, KY	526
Rockcastle County ATC	Mount Vernon, KY	442
Lake Cumberland ATC	Russell Springs, KY	930
Corbin ATC	Corbin, KY	526
Lincoln County ATC	Stanford, KY	332
Garrard County ATC	Lancaster, KY	346
Clinton County ATC	Albany, KY	612
Jackson County ATC	McKee, KY	455
Knox County ATC	Barbourville, KY	447
Clay County ATC	Manchester, KY	348
Harrodsburg ATC	Harrodsburg, KY	292
Marion County ATC	Lebanon, KY	1,364
Madison County ATC	Richmond, KY	825
Green County ATC	Greensburg, KY	629
Jessamine County Career & Tech Center	Nicholasville, KY	3,802
Bell County ATC	Pineville, KY	678
Lee County ATC	Beattyville, KY	395

## Area Colleges and Universities

<b><u>Institution</u></b>	<b><u>Location</u></b>	<b><u>Enrollment (Fall 2018)</u></b>
Somerset Community College	Somerset, KY	5,886
University of the Cumberlands	Williamsburg, KY	10,097
Berea College	Berea, KY	1,670
Lindsey Wilson College	Columbia, KY	2,565
Centre College	Danville, KY	1,450
Union College	Barbourville, KY	1,309
Campbellsville University	Campbellsville, KY	7,207
Eastern Kentucky University	Richmond, KY	16,612
Asbury University	Wilmore, KY	1,990

## FINANCIAL INSTITUTIONS

<b><u>Institution</u></b>	<b><u>Total Assets</u></b>	<b><u>Total Deposits</u></b>
The Citizens National Bank of Somerset	\$426,549,000	\$348,921,000
Cumberland Security Bank	215,735,000	185,714,000
First & Farmers National Bank, Inc.	518,120,000	437,696,000

Source: *McFadden American Financial Directory, January - June 2020 Edition.*



## EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Total Employed</u>
<b><i>Burnside</i></b>		
Frye Lumber Co.	Flooring, lumber, grade lumber, hardwood wholesale lumber, railroad crossties	18
Kingsford Manufacturing Co.	Charcoal briquettes & lighter fluid bottling	120
Lake Cumberland Stone	Agricultural lime & crushed stone	2
Somerset Wood Products, Inc.	Kild dried lumber & hardwood oak flooring	130
<b><i>Somerset</i></b>		
American Standard Brands	Plastic bathtubs, showers, plastic shower floors, terrazzo shower floors, bathroom fixtures, mop basins, laundry tubs & miscellaneous shower door repair kits	35
Armstrong Wood Products	Hardwood flooring	348
Aspen Compressor LLC	Manufacture miniature refrigeration compressors	20
Boswell Contracting Inc.	Custom metal fabricating	16
Branch Tool Inc.	Machine shop	20
Chism Automation	Manufacture robotic systems and automation equip.	9
Commonwealth Journal Inc.	Newspaper publishing	22
Continental Refining Co. LLC	Oil refinery into gasoline, diesel, home heating fuels	43
Cornett Machine Shop Inc.	Automotive engine machine shop	16
Duraflame East LLC	Fireplace logs	60
Eagle Hardwoods, Inc.	Hardwood Flooring	350
Fiberglass Concepts Inc.	Fiberglass fabricating & houseboat parts	5
Gatormade Inc.	Utility trailers, gooseneck trailers, enclosed trailers, Dump trailers, car trailers, corporate HQ	135
Hendrickson USA LLC	Trailer suspension systems for heavy-duty Transportation industry	507
Hinkle Contracting-Cumberland Paving	Asphalt and paving products	17
Hydraulic Specialists Inc.	Hydraulic repairing, sales, manufacture hydraulic cylinders	20
Industrial Machine & Tool Co.	Machine shop	28
Jondy Chemicals Inc.	Flame retardant chemicals; stain protectors	37
Kapstone Container	Corrugated packaging	35
Kentucky Hardwood Lumber Co.	Hardwood lumber	50
Mac Metals Sales Inc.	Metal roofing & siding	50
Mezner Lumber & Supply Co.	Rough mill, moulding, priming paint line & Sawdust processing	175
New Life Industries, Inc.	Screen printing	95
Play Mart Inc.	Manufacture playground, park structure and fitness equipment including early childhood development	21
Prairie Farms Dairy	Liquid milk, juice drinks & 100% orange juice from Concentrate	119
Ready Mix Concrete Corporate	Headquarters: ready-mixed concrete	6
Smith Monument Works Inc.	Cemetery monuments in granite & marble	7
Somerset Recycling Service, Inc.	Cardboard & plastic recycling	81
Somerset Stone Co.	Limestone & rock quarry	23
Somerset Tool & Die Corp.	Machine shop	2
Summit Aviation Inc.	Manufacture, modify and fabricate aviation components	32
Toyotetsu America, Inc.	Structural automotive components & stampings	938
Tucker Ready Mix Inc.	Ready-mixed concrete	4
UGN Inc.	Manufacture automotive sound proofing	332
Warner Fertilizer Co. Inc.	Blending of dry bulk fertilizer materials	17
Whitis Cabinets Inc.	Custom wooden & laminated cabinets	14
Wilbert Vault of Somerset Inc.	Precast concrete burial vaults; parking curbs, feed banks	15

*Sources: Kentucky Directory of Manufacturers (2020)*

**APPENDIX B**

**Pulaski County School District Finance Corporation  
School Building Refunding Revenue Bonds  
Taxable Series of 2021**

---

---

**Audited Financial Statement ending June 30, 2020**

**PULASKI COUNTY  
SCHOOL DISTRICT  
AUDIT REPORT  
JUNE 30, 2020**

## TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management Discussion and Analysis	4-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Notes to Basic Financial Statements	21-53
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	54
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	55
Schedule of District's Proportionate Share of Net Pension Liability – Teachers' Retirement System	56
Schedule of District's Proportionate Share of Net Pension Liability – County Employees Retirement System	57
Schedule of Contributions to the Teachers Retirement System	58
Schedule of Contributions to the County Employees Retirement System	59

TABLE OF CONTENTS (CONTINUED)

Schedule of District’s Proportionate Share of the Net OPEB Liability – Medical Insurance - CERS	60
Schedule of District’s Proportionate Share of the Net OPEB Liability – Medical Insurance - TRS	61
Schedule of District’s Proportionate Share of the Net OPEB Liability – Life Insurance - TRS	62
Schedule of Contributions to the Medical Insurance Plan - CERS	63
Schedule of Contributions to the Medical Insurance Plan - TRS	64
Schedule of Contributions to the Life Insurance Plan - TRS	65
Notes to Required Supplementary Information	66-71
Other Supplementary Information:	
Combining Statement – Non-Major Funds:	
Combining Balance Sheet – Non-Major Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	73
Combining Statement of Revenues, Expenditures and Fund Balances – Agency Funds	74
Statement of Receipts, Disbursements and Fund Balance – Pulaski County High School Activity Fund	75
Statement of Receipts, Disbursements and Fund Balance – Southwestern County High School Activity Fund	76
Schedule of Expenditures of Federal Awards	77
Notes to Schedule of Expenditures of Federal Awards	78
Schedule of Findings and Questioned Costs	79
Schedule of Prior Year Audit Findings	80
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 <i>Government Auditing Standards</i>	81-82
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required the Uniform Guidance	83-84
Management Letter Comments	85-88
Letter to Those Charged with Governance	89-91

**WHITE AND COMPANY, P.S.C.**  
**Certified Public Accountants**  
**219 South Proctor Knott Avenue**  
**Lebanon, Kentucky 40033**  
**(270) 692-2102**  
**Fax (270) 692-2101**

Charles M. White, CPA  
Joseph A. Montgomery, CPA  
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 16, 2020

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Education  
Pulaski County School District  
Somerset, Kentucky

**Report on the Financial Statements**

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 Pulaski County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pulaski County School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pulaski County School District as of June 30, 2020, 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.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on Pages 4 through 10, 54 through 57, and 60 through 62 be presented to supplement the basic financial statements. Such information, 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.

#### ***Other Information***

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

The combining and individual nonmajor fund financial statements, the other supplemental financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2020, on our consideration of Pulaski County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pulaski County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pulaski County School District's internal control over financial reporting and compliance.

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants



**PULASKI COUNTY PUBLIC SCHOOL DISTRICT – Somerset, KY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

As management of the Pulaski 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, 2020. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

**FINANCIAL HIGHLIGHTS**

- The June 30, 2020 cash balance for the District was \$19,168,961, as compared with the beginning cash balance of \$16,910,655. The ending cash balance consists of General Fund of \$12,670,499, Special Revenue Fund of \$656,062, District Activity Fund of \$587,647, Capital Outlay of \$369,962, Building Fund of \$945, Construction Fund of \$453,564, Debt Service \$2,145, Food Service of \$3,176,733, and Child Care of \$1,251,404.
- District-wide net position decreased \$359,634 during the 2020 fiscal year.
- The General Fund had \$74.3 million in receipts, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. There were \$74.1 million in General Fund expenditures.
- General Fund revenue increased \$62,634 from last fiscal year and General Fund expenses increased \$1,876,584.
- The financial statements reflect revenues of \$20,952,582 from the state on-behalf of District employees for retirement contributions, health insurance, administration fees, debt service and technology with a like amount of expenses recorded.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-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.

**District-wide financial statements**

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

The statement of net position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, 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 district-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 district-wide financial statements can be found on pages 11-12 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 funds are our food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13-20 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

The notes to the financial statements can be found on pages 21-53 of this report.

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

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$20.1 million as of June 30, 2020.

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.

## Net Position for the period ending June 30, 2020 and June 30, 2019

A comparison of June 30, 2020 and June 30, 2019 government wide net position is as follows:

	Governmental Activities		Business - Type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 16,166,287	\$ 15,602,805	\$ 4,697,039	\$ 3,769,802	\$ 20,863,326	\$ 19,372,607
Capital Assets	69,138,199	68,875,778	354,877	454,794	69,493,076	69,330,572
Deferred Outflows	<u>13,019,473</u>	<u>10,515,766</u>	<u>2,094,588</u>	<u>1,556,858</u>	<u>15,114,061</u>	<u>12,072,624</u>
Total Assets and Deferred Outflows	<u>98,323,959</u>	<u>94,994,349</u>	<u>7,146,504</u>	<u>5,781,454</u>	<u>105,470,463</u>	<u>100,775,803</u>
Current Liabilities	8,509,978	7,783,806	101,913	51,914	8,611,891	7,835,720
Non-Current Liabilities	103,287,221	102,067,963	7,081,051	5,934,885	110,368,272	108,002,848
Deferred Inflows	<u>5,830,716</u>	<u>4,032,214</u>	<u>731,361</u>	<u>617,164</u>	<u>6,562,077</u>	<u>4,649,378</u>
Total Liabilities and Deferred Inflows	<u>117,627,915</u>	<u>113,883,983</u>	<u>7,914,325</u>	<u>6,603,963</u>	<u>125,542,240</u>	<u>120,487,946</u>
<b>Net Position</b>						
Investment in capital assets (net of related debt)	13,100,839	10,912,466	354,877	454,794	13,455,716	11,367,260
Restricted	1,401,020	1,771,099	(1,122,698)	(1,277,303)	278,322	493,796
Unrestricted	<u>(33,805,815)</u>	<u>(31,573,199)</u>	<u>-</u>	<u>-</u>	<u>(33,805,815)</u>	<u>(31,573,199)</u>
<b>Total Net Position</b>	<u>\$ (19,303,956)</u>	<u>\$ (18,889,634)</u>	<u>\$ (767,821)</u>	<u>\$ (822,509)</u>	<u>\$ (20,071,777)</u>	<u>\$ (19,712,143)</u>

The following table presents changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	Governmental		Business - Type		Total	
	Activities		Activities		Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 30,433	\$ 34,041	\$ 844,040	\$ 934,973	\$ 874,473	\$ 969,014
Operating grants and contributions	10,077,817	9,874,643	6,494,377	6,460,130	16,572,194	16,334,773
Capital grants	71,987	1,469,849			71,987	1,469,849
General revenues						
Property taxes	17,279,612	16,192,351			17,279,612	16,192,351
Motor vehicle taxes	2,119,641	2,344,343			2,119,641	2,344,343
Utility Taxes	3,238,375	3,228,966			3,238,375	3,228,966
Other taxes	99,899	907,162			99,899	907,162
Investment earnings	295,346	450,013	65,501	86,684	360,847	536,697
State and formula grants	54,259,662	54,225,495			54,259,662	54,225,495
Miscellaneous	1,474,050	1,192,182			1,474,050	1,192,182
<b>Total revenues</b>	<u>88,946,822</u>	<u>89,919,045</u>	<u>\$ 7,403,918</u>	<u>7,481,787</u>	<u>96,350,740</u>	<u>97,400,832</u>
<b>EXPENSES</b>						
Program Activities						
Instructional	54,376,514	52,284,984			54,376,514	52,284,984
Student support	6,412,290	6,087,784			6,412,290	6,087,784
Instructional staff Support	3,508,575	3,751,367			3,508,575	3,751,367
District administrative support	1,954,570	1,751,176			1,954,570	1,751,176
School administrative support	4,123,402	3,911,707			4,123,402	3,911,707
Business support	991,661	999,306			991,661	999,306
Plant operations and maintenance	9,742,803	9,547,274			9,742,803	9,547,274
Student transportation	5,283,339	5,239,357			5,283,339	5,239,357
Community service activities	1,047,959	1,061,036			1,047,959	1,061,036
Central Office	0	160			0	160
Other	0	45			0	45
Interest costs	1,920,031	1,944,106			1,920,031	1,944,106
Business-type Activities						
Child Care			840,020	821,111	840,020	821,111
Food Service			6,239,068	6,280,928	6,239,068	6,280,928
Other			270,142		270,142	
<b>Total expenses</b>	<u>89,361,144</u>	<u>86,578,302</u>	<u>7,349,230</u>	<u>7,102,039</u>	<u>96,710,374</u>	<u>93,680,341</u>
<b>Increase (decrease) in net position</b>	<u>\$ (414,322)</u>	<u>\$ 3,340,743</u>	<u>\$ 54,688</u>	<u>\$ 379,748</u>	<u>\$ (359,634)</u>	<u>\$ 3,720,491</u>

On-behalf amounts are included in the above figures. On-behalf payments are payments the state makes on behalf of employees to the various agencies for health and life insurance, benefits, administration fees, technology and debt service. The total on-behalf payments for 2020 and 2019 were \$20,952,582 and \$20,461,932 respectively.

Total revenue decreased \$1,050,092 and expenses increased \$3,030,033.

**Governmental Activities**

For the governmental program expenses instructional expenses comprise 61% of total expenses, support services equate to 36%, and interest and other expenses make up the remaining 3% of the total.

The cost of program services and the charges for services and grants offsetting those services are shown on the Statement of Activities. The Statement of activities identifies the net cost of services supported by tax revenue and unrestricted intergovernmental revenues (State entitlements).

	Governmental Activities Total		Governmental Activities Net	
	Cost of Services		Cost of Services	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instructional	\$ 54,376,514	\$ 52,284,984	\$ 45,558,058	\$ 44,037,168
Support Services	32,016,640	32,349,167	31,754,587	30,688,299
Other	1,047,959	45	20,218	(1,390,251)
Interest Costs	<u>1,920,031</u>	<u>1,944,106</u>	<u>1,848,044</u>	<u>1,864,553</u>
Total Expenses	<u>\$ 89,361,144</u>	<u>\$ 86,578,302</u>	<u>\$ 79,180,907</u>	<u>\$ 75,199,769</u>

**Business-Type Activities**

The business type activities at the District consist of Food Service and Child Care. Food Service had total revenues of \$6,559,889 and expenses of \$6,509,210 for fiscal year 2020. Child Care had total revenues of \$844,029 and expenses of \$840,020 for fiscal year 2020. These business-type activities receive no support from tax revenues, and, as such, the District will continue to monitor these activities and make the necessary adjustments to the operations of these activities.

**The School District's Funds**

The information relative to the School District's Funds starts on page 13. These funds use the modified accrual basis of accounting to account for each fund's revenues and expenses. The combined revenue and other financing sources for all governmental funds for 2020 was \$97,324,811 and expenditures were \$97,459,975.

**General Fund Budgetary Highlights**

The District's budget is based on accounting for certain transactions on the cash basis for receipts and expenditures and encumbrances and is prepared according to Kentucky law. The Kentucky Department of Education requires a zero-based budget with any remaining fund balance to be shown as a contingency expense in the budgeting process.

The most significant budgeted fund is the General Fund. The General Fund had budgeted revenues of \$65,482,936 with actual results being \$74,318,624. Budgeted expenditures were \$67,400,646 compared to actual expenditures of \$74,083,709. The most significant cause of the variance between budget and actual revenue was a capital funds request of \$857,109, and on behalf revenue being budgeted at \$13,500,000 with actual being 20,952,582.

### Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District has adopted a budget for fiscal year 2019-2020 with an approximate 13.94% contingency.

Significant Board action that impacts the finances includes the Board opting to take the compensating rate of 54.5 cents per \$100 of property. The State SEEK base remained at \$4,000 for FY 2020.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of the 2020 fiscal year, the District had invested \$69,493,076, net of depreciation, in a broad range of capital assets, including equipment, buses, buildings, and land. This amount represents a net increase of \$162,504. Depreciation expense for the year was \$3,480,074 and capital additions were \$3,642,578 and retirements net of depreciation was \$0.

	Governmental		Business - Type		Total Primary Government	
	Activities (Net of Depreciation)		Activities (Net of Depreciation)		(Net of Depreciation)	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 3,021,177	\$ 3,021,177	\$ -	\$ -	\$ 3,021,177	\$ 3,021,177
Construction in Progress	1,351,023	3,020,401			1,351,023	3,020,401
Land Improvements	-	-	-	-	-	-
Buildings and Improvements	58,588,627	56,760,392	-	-	58,588,627	56,760,392
Technology	-	-	-	-	-	-
Vehicles	5,248,340	5,090,305	-	-	5,248,340	5,090,305
General Equipment	929,032	983,503	354,877	454,794	1,283,909	1,438,297
<b>Total</b>	<b>\$69,138,199</b>	<b>\$68,875,778</b>	<b>\$ 354,877</b>	<b>\$ 454,794</b>	<b>\$69,493,076</b>	<b>\$69,330,572</b>

	Governmental		Business - Type		Total	
	Activities		Activities		Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 68,875,778	\$ 68,731,794	\$ 454,794	\$ 499,041	\$ 69,330,572	\$ 69,230,835
Additions	3,642,578	4,191,865	-	53,459	3,642,578	4,245,324
Retirements	-	(796,038)			-	(796,038)
Depreciation	(3,380,157)	(3,251,843)	(99,917)	(97,706)	(3,480,074)	(3,349,549)
<b>Ending Balance</b>	<b>\$ 69,138,199</b>	<b>\$ 68,875,778</b>	<b>354,877</b>	<b>454,794</b>	<b>\$ 69,493,076</b>	<b>\$ 69,330,572</b>

**Long-Term Debt**

The District made scheduled bond principal payments in the amount of \$3,570,000. The District made scheduled capital lease payments of \$825,501. During the year, the District also issued \$1,450,000 in Revenue Bonds to fund various construction projects.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers and other interested readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District's Superintendent or Finance Director at (606)-679-1123.

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash & Cash Equivalents - Note C	14,740,824	4,428,137	19,168,961
Accounts Receivable:			
Taxes - Current	583,110		583,110
Taxes - Delinquent	64,992		64,992
Accounts	61,237	145,639	206,876
Intergovernmental - State	490,931		490,931
Intergovernmental - Federal	120,861		120,861
Prepaid Expenses	47,679		47,679
Inventories for Consumption	56,653	123,263	179,916
Total Current Assets	<u>16,166,287</u>	<u>4,697,039</u>	<u>20,863,326</u>
Noncurrent Assets - Note F			
Land	3,021,177		3,021,177
Construction In Progress	1,351,023		1,351,023
Buildings & Improvements	103,035,685		103,035,685
Furniture & Equipment	24,782,445	2,777,564	27,560,009
Less: Accumulated Depreciation	(63,052,131)	(2,422,687)	(65,474,818)
Total Noncurrent Assets	<u>69,138,199</u>	<u>354,877</u>	<u>69,493,076</u>
<b>TOTAL ASSETS</b>	<b>85,304,486</b>	<b>5,051,916</b>	<b>90,356,402</b>
Deferred Outflows Related to Pensions	7,100,399	1,453,576	8,553,975
Deferred Outflows Related to Other Post Employment Benefits	4,542,256	641,012	5,183,268
Deferred Outflows from Advanced Bond Refundings	1,376,818		1,376,818
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>13,019,473</b>	<b>2,094,588</b>	<b>15,114,061</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>98,323,959</b>	<b>7,146,504</b>	<b>105,470,463</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	446,155	101,913	548,068
Accrued Salaries & Payroll Liabilities	1,637,987		1,637,987
Accrued Sick Leave - Note A	216,949		216,949
Advances from Grantors	1,163,007		1,163,007
Bond Obligations - Note D	3,700,000		3,700,000
Capital Lease Obligation - Note E	859,143		859,143
Accrued Interest Payable	486,737		486,737
Total Current Liabilities	<u>8,509,978</u>	<u>101,913</u>	<u>8,611,891</u>
Noncurrent Liabilities:			
Bond Obligations - Note D	47,561,908		47,561,908
Capital Lease Obligation - Note E	3,916,309		3,916,309
Net Pension Liability	27,809,911	5,696,006	33,505,917
Net Other Post Employment Benefits Liability	22,400,634	1,385,045	23,785,679
Accrued Sick Leave - Note A	1,598,459		1,598,459
Total Noncurrent Liabilities	<u>103,287,221</u>	<u>7,081,051</u>	<u>110,368,272</u>
<b>TOTAL LIABILITIES</b>	<b>111,797,199</b>	<b>7,182,964</b>	<b>118,980,163</b>
Deferred Inflows Related to Pensions	1,140,409	232,675	1,373,084
Deferred Inflows Related to Other Post Employment Benefits	4,690,307	498,686	5,188,993
<b>TOTAL DEFERRED INFLOWS</b>	<b>5,830,716</b>	<b>731,361</b>	<b>6,562,077</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>117,627,915</b>	<b>7,914,325</b>	<b>125,542,240</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	13,100,839	354,877	13,455,716
Restricted for:			
Capital Projects	449,198		449,198
SFCC Escrow	370,907		370,907
School Activities	578,770		578,770
Debt Service	2,145		2,145
Day Care		240,033	240,033
Food Service		(1,362,731)	(1,362,731)
Unrestricted	(33,805,815)		(33,805,815)
<b>TOTAL NET POSITION</b>	<b>(19,303,956)</b>	<b>(767,821)</b>	<b>(20,071,777)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>98,323,959</b>	<b>7,146,504</b>	<b>105,470,463</b>

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



PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTION/PROGRAMS	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instructional	54,376,514	25,033	8,793,423		(45,558,058)		(45,558,058)
Support Services:							
Student Support Services	6,412,290		16,359		(6,395,931)		(6,395,931)
Staff Support Services	3,508,575		181,086		(3,327,489)		(3,327,489)
District Administration	1,954,570				(1,954,570)		(1,954,570)
School Administration	4,123,402				(4,123,402)		(4,123,402)
Business Support Services	991,661		35,955		(955,706)		(955,706)
Plant Operation & Maintenance	9,742,803				(9,742,803)		(9,742,803)
Student Transportation	5,283,339		28,653		(5,254,686)		(5,254,686)
Community Service Operations	1,047,959	5,400	1,022,341		(20,218)		(20,218)
Interest on Long-Term Debt	1,920,031			71,987	(1,848,044)		(1,848,044)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>89,361,144</b>	<b>30,433</b>	<b>10,077,817</b>	<b>71,987</b>	<b>(79,180,907)</b>		<b>(79,180,907)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Day Care	840,020	546,977	276,642			(16,401)	(16,401)
Food Service	6,239,068	297,063	6,217,735			275,730	275,730
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>7,079,088</b>	<b>844,040</b>	<b>6,494,377</b>	<b>0</b>	<b>0</b>	<b>259,329</b>	<b>259,329</b>
<b>TOTAL SCHOOL DISTRICT</b>	<b>96,440,232</b>	<b>874,473</b>	<b>16,572,194</b>	<b>71,987</b>	<b>(79,180,907)</b>	<b>259,329</b>	<b>(78,921,578)</b>
<b>GENERAL REVENUES:</b>							
Taxes:							
Property					17,279,612		17,279,612
Motor Vehicle					2,119,641		2,119,641
Utility					3,238,375		3,238,375
Other					99,899		99,899
State Aid - Formula Grants					54,259,662		54,259,662
Investment Earnings					295,346	65,501	360,847
Miscellaneous					1,105,661		1,105,661
Funds Transfer (Expense)					270,142	(270,142)	0
Loss Compensation					79,161		79,161
Gain(Loss) Sale of Assets					19,086		19,086
<b>TOTAL GENERAL AND TRANSFERS</b>					<b>78,766,585</b>	<b>(204,641)</b>	<b>78,561,944</b>
<b>CHANGE IN NET POSITION</b>					<b>(414,322)</b>	<b>54,688</b>	<b>(359,634)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>					<b>(18,889,634)</b>	<b>(822,509)</b>	<b>(19,712,143)</b>
<b>NET POSITION - ENDING</b>					<b>(19,303,956)</b>	<b>(767,821)</b>	<b>(20,071,777)</b>

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

PULASKI COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash & Cash Equivalents	12,670,499	656,062	2,145	1,412,118	14,740,824
Interfund Receivable - Note O	42,133				42,133
Accounts Receivable:					
Taxes - Current	583,110				583,110
Taxes - Delinquent	64,992				64,992
Accounts	61,237				61,237
Intergovernmental - State		490,931			490,931
Intergovernmental - Federal		120,861			120,861
Prepaid Expenses	5,546		42,133		47,679
Inventory	56,653				56,653
<b>TOTAL ASSETS</b>	<b>13,484,170</b>	<b>1,267,854</b>	<b>44,278</b>	<b>1,412,118</b>	<b>16,208,420</b>
<b>LIABILITIES AND FUND BALANCE:</b>					
<b>Liabilities:</b>					
Accounts Payable	328,065	104,847		13,243	446,155
Interfund Payable - Note O			42,133		42,133
Accrued Salaries & Benefits	1,637,987				1,637,987
Advances from Grantors		1,163,007			1,163,007
<b>Total Liabilities</b>	<b>1,966,052</b>	<b>1,267,854</b>	<b>42,133</b>	<b>13,243</b>	<b>3,289,282</b>
<b>Fund Balance:</b>					
Non-Spendable	62,199				62,199
Restricted for:					
Capital Projects				449,198	449,198
School Activities				578,770	578,770
SFCC Escrow				370,907	370,907
Debt Service			2,145		2,145
Committed for:					
Accrued Sick Leave	216,949				216,949
Unassigned Fund Balance	11,238,970				11,238,970
<b>Total Fund Balance</b>	<b>11,518,118</b>	<b>0</b>	<b>2,145</b>	<b>1,398,875</b>	<b>12,919,138</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>13,484,170</b>	<b>1,267,854</b>	<b>44,278</b>	<b>1,412,118</b>	<b>16,208,420</b>

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

PULASKI COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

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

TOTAL GOVERNMENTAL FUND BALANCE		12,919,138
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	132,190,330	
Accumulated Depreciation	<u>(63,052,131)</u>	69,138,199
Deferred Outflows on Bond Refundings are not current assets and therefore are not reported as assets in governmental funds.		
		1,376,818
Deferred Outflows Related to Pensions are not current assets and therefore are not reported as assets in governmental funds.		
		7,100,399
Deferred Outflows Related to Other Post Employment Benefits are not current assets and therefore are not reported as assets in governmental funds.		
		4,542,256
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds Payable	(51,120,000)	
Unamortized Bond Premiums	(198,043)	
Unamortized Bond Discounts	56,135	
Capital Lease Obligation	(4,775,452)	
Accrued Interest on Bonds	(486,737)	
Net Pension Liability	(27,809,911)	
Net Other Post Employment Benefits Liability	(22,400,634)	
Accrued Sick Leave	<u>(1,815,408)</u>	(108,550,050)
Deferred Inflows Related to Other Post Employment Benefits are not current liabilities and therefore are not reported as liabilities in governmental funds.		
		(4,690,307)
Deferred Inflows Related to Pensions are not current liabilities and therefore are not reported as liabilities in governmental funds.		
		<u>(1,140,409)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>(19,303,956)</u></u>

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

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Taxes:					
Property	13,663,504			3,616,108	17,279,612
Motor Vehicle	2,119,641				2,119,641
Utility	3,238,375				3,238,375
Other	99,899				99,899
Earnings on Investments	274,554			20,792	295,346
Intergovernmental - State	51,908,326	3,168,370	386,113	2,037,210	57,500,019
Intergovernmental - Federal		6,909,447			6,909,447
Other Sources	731,376	30,184		374,534	1,136,094
<b>TOTAL REVENUES</b>	<b>72,035,675</b>	<b>10,108,001</b>	<b>386,113</b>	<b>6,048,644</b>	<b>88,578,433</b>
<b>EXPENDITURES:</b>					
Instructional	43,818,315	8,954,672		317,446	53,090,433
Support Services:					
Student Support Services	6,064,358	16,659		355	6,081,372
Staff Support Services	3,123,081	184,407		39,777	3,347,265
District Administration	1,836,666				1,836,666
School Administration	3,913,718				3,913,718
Business Support Services	876,494	36,614		29,000	942,108
Plant Operation & Maintenance	8,095,138			24,688	8,119,826
Student Transportation	5,252,897	29,178		5,612	5,287,687
Community Service Operations	4,971	1,041,088			1,046,059
Facilities Acquisition & Construction				1,785,873	1,785,873
Debt Service:					
Principal	825,501		3,570,000		4,395,501
Interest	31,608		1,693,123		1,724,731
<b>TOTAL EXPENDITURES</b>	<b>73,842,747</b>	<b>10,262,618</b>	<b>5,263,123</b>	<b>2,202,751</b>	<b>91,571,239</b>
<b>EXCESS(DEFICIT) REVENUES OVER EXPENDITURES</b>	<b>(1,807,072)</b>	<b>(154,617)</b>	<b>(4,877,010)</b>	<b>3,845,893</b>	<b>(2,992,806)</b>
<b>OTHER FINANCING SOURCES(USES):</b>					
Proceeds from Sale of Bonds				1,450,000	1,450,000
Discount on Issuance of Bonds				(18,198)	(18,198)
Capital Lease Financing	1,057,451				1,057,451
Loss Compensation	79,161				79,161
Proceeds from Sale of Assets	19,086				19,086
Operating Transfers In - Note N	1,127,251	154,617	4,877,010		6,158,878
Operating Transfers Out - Note N	(240,962)			(5,647,774)	(5,888,736)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,041,987</b>	<b>154,617</b>	<b>4,877,010</b>	<b>(4,215,972)</b>	<b>2,857,642</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>234,915</b>	<b>0</b>	<b>0</b>	<b>(370,079)</b>	<b>(135,164)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>11,283,203</b>	<b>0</b>	<b>2,145</b>	<b>1,768,954</b>	<b>13,054,302</b>
<b>FUND BALANCES - ENDING</b>	<b>11,518,118</b>	<b>0</b>	<b>2,145</b>	<b>1,398,875</b>	<b>12,919,138</b>

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

PULASKI COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

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

NET CHANGES - GOVERNMENTAL FUNDS		(135,164)
<p>Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.</p>		
Depreciation Expense	(3,380,157)	
Capital Outlays	<u>3,642,578</u>	262,421
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Bond Principal Paid	3,570,000	
Capital Lease Principal Paid	825,501	
Capital Lease Financing	(1,057,451)	
Discount on Bond Issuance	18,198	
Note Proceeds	<u>(1,450,000)</u>	1,906,248
<p>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.</p>		
Amortization-Deferred Outflows on Advanced Bond Refundings	(230,561)	
Amortization - Bond Premiums	22,503	
Amortization - Bond Discounts	(2,799)	
District Pension Contributions	1,948,675	
Cost of Benefits Earned Net of Employee Contributions	(5,286,978)	
District Other Post Employment Benefits Contributions	1,525,862	
Cost of Benefits Earned Net of Employee Contributions - OPEB	(148,784)	
Accrued Interest Payable	15,557	
Accrued Sick Leave	<u>(291,302)</u>	(2,447,827)
		(414,322)
CHANGES - NET POSITION GOVERNMENTAL FUNDS		(414,322)

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

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	ENTERPRISE FUNDS		
	FOOD SERVICE	CHILD CARE FUND	TOTAL
<b>ASSETS:</b>			
Current Assets:			
Cash & Cash Equivalents	3,176,733	1,251,404	4,428,137
Accounts Receivable	145,639		145,639
Inventories for Consumption	123,263		123,263
Total Current Assets	<u>3,445,635</u>	<u>1,251,404</u>	<u>4,697,039</u>
Noncurrent Assets:			
Furniture & Equipment	2,777,564		2,777,564
Less: Accumulated Depreciation	<u>(2,422,687)</u>		<u>(2,422,687)</u>
Total Noncurrent Assets	<u>354,877</u>	<u>0</u>	<u>354,877</u>
<b>TOTAL ASSETS</b>	<b><u>3,800,512</u></b>	<b><u>1,251,404</u></b>	<b><u>5,051,916</u></b>
Deferred Outflows Related to Other Post Employment Benefits	527,892	113,120	641,012
Deferred Outflows Related to Pensions	<u>1,197,555</u>	<u>256,021</u>	<u>1,453,576</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b><u>5,525,959</u></b>	<b><u>1,620,545</u></b>	<b><u>7,146,504</u></b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Account Payable	101,913		101,913
Total Current Liabilities	<u>101,913</u>	<u>0</u>	<u>101,913</u>
Noncurrent Liabilities:			
Net Other Post Employment Benefits Liability	1,138,155	246,890	1,385,045
Net Pension Liability	<u>4,690,829</u>	<u>1,005,177</u>	<u>5,696,006</u>
Total Noncurrent Liabilities	<u>5,828,984</u>	<u>1,252,067</u>	<u>7,081,051</u>
<b>TOTAL LIABILITIES</b>	<b><u>5,930,897</u></b>	<b><u>1,252,067</u></b>	<b><u>7,182,964</u></b>
Deferred Inflows Related to Other Post Employment Benefits	410,683	88,003	498,686
Deferred Inflows Related to Pensions	<u>192,233</u>	<u>40,442</u>	<u>232,675</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b><u>6,533,813</u></b>	<b><u>1,380,512</u></b>	<b><u>7,914,325</u></b>
Net Position:			
Net Investment in Capital Assets	354,877		354,877
Restricted	<u>(1,362,731)</u>	<u>240,033</u>	<u>(1,122,698)</u>
Total Net Position	<u>(1,007,854)</u>	<u>240,033</u>	<u>(767,821)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>5,525,959</u></b>	<b><u>1,620,545</u></b>	<b><u>7,146,504</u></b>

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

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	ENTERPRISE FUNDS		
	FOOD SERVICE	CHILD CARE FUND	TOTAL
OPERATING REVENUES:			
Lunchroom Sales	297,063		297,063
Other Operating Revenues		546,977	546,977
TOTAL OPERATING REVENUES	297,063	546,977	844,040
OPERATING EXPENSES:			
Salaries & Benefits	3,209,004	767,009	3,976,013
Contract Services	39,217	12,610	51,827
Materials & Supplies	2,872,367	60,208	2,932,575
Depreciation - Note F	99,917		99,917
Other Operating Expenses	18,563	193	18,756
TOTAL OPERATING EXPENSES	6,239,068	840,020	7,079,088
OPERATING INCOME(LOSS)	(5,942,005)	(293,043)	(6,235,048)
NONOPERATING REVENUES(EXPENSES):			
Transfer Out to General Fund	(270,142)		(270,142)
Federal Grants	5,475,344	180,726	5,656,070
State Grants	454,501	95,916	550,417
Donated Commodities	287,890		287,890
Interest Income	45,091	20,410	65,501
TOTAL NONOPERATING REVENUE	5,992,684	297,052	6,289,736
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	50,679	4,009	54,688
CAPITAL CONTRIBUTIONS	0	0	0
CHANGE IN NET POSITION	50,679	4,009	54,688
TOTAL NET POSITION - BEGINNING	(1,058,533)	236,024	(822,509)
TOTAL NET POSITION - ENDING	(1,007,854)	240,033	(767,821)

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

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	FOOD SERVICE FUND	CHILD CARE FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from:			
Lunchroom Sales	297,063		297,063
Other Activities		546,977	546,977
Cash Paid to/for:			
Employees	(2,226,720)	(543,570)	(2,770,290)
Supplies	(2,546,243)	(60,305)	(2,606,548)
Other Activities	(57,780)	(12,803)	(70,583)
Net Cash Provided (Used) by Operating Activities	(4,533,680)	(69,701)	(4,603,381)
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Transfer out to General Fund	(270,142)		(270,142)
Federal Grants	5,392,736	180,727	5,573,463
State Grants	67,326		67,326
Net Cash Provided by Non-Capital and Related Financing Activities	5,189,920	180,727	5,370,647
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of Interest Income	45,091	20,410	65,501
Net Increase in Cash and Cash Equivalents	701,331	131,436	832,767
Balances, Beginning of Year	2,475,402	1,119,968	3,595,370
Balances, End of Year	3,176,733	1,251,404	4,428,137
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Loss	(5,942,005)	(293,043)	(6,235,048)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities			
Depreciation	99,917		99,917
State On-Behalf Payments	387,175	95,916	483,091
Donated Commodities	287,890		287,890
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Deferred Outflows	(442,836)	(94,894)	(537,730)
Deferred Inflows	129,847	27,825	157,672
Net Pension Liability	872,582	186,982	1,059,564
Net Other Post Employment Benefits	35,516	7,610	43,126
Inventory	(11,862)		(11,862)
Accounts Payable	50,096	(97)	49,999
Net Cash Provided (Used) by Operating Activities	(4,533,680)	(69,701)	(4,603,381)
Schedule of Non-Cash Transactions:			
Donated Commodities	287,890	-	287,890
State On-Behalf Payments	387,175	95,916	483,091

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



PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	<u>AGENCY FUND</u>
ASSETS:	
Cash and Cash Equivalents	620,751
Accounts Receivable	
TOTAL ASSETS	<u>620,751</u>
LIABILITIES:	
Accounts Payable	
Due to Student Groups	620,751
TOTAL LIABILITIES	<u>620,751</u>
NET POSITION HELD IN TRUST	<u><u>0</u></u>

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

PULASKI COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

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

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

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

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

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

Basis of Presentation

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

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards and related notes. This is a major fund of the District.
- C. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
  1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
  3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- D. Debt Service Funds are 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 generally obligation notes payable, as required by Kentucky law. This is a major fund of the District.

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

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

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

### III. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

- A. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. The funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- B. The Private Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organization, or other governments.

### 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 Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Proprietary Fund operating revenues are defined as revenues received from the direct purchases of products and services (i.e. food service). Non-operating revenues are not related to direct purchases of products; for the District, these revenues are typically investment income and state and federal grant revenues.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred 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 costs, such as depreciation, are not recognized in governmental funds.

### Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2020, to finance the General Fund operations were \$0.569 per \$100 valuation for real property, \$0.569 per \$100 valuation for business personal property, and \$0.569 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 gases.

### Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount “accumulated sick leave payable” in the general fund. The noncurrent portion of the liability is reported as a reserve of fund balance.

Budgetary Process

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

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

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

### Cash and Cash Equivalents

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

### Inventories

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

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

The food service fund uses the specific identification method.

### Investments

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

### Accrued Liabilities and Long-Term Obligations

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

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

### Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal School Board action must be taken during an open meeting to establish, modify, or rescind a fund balance commitment.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District committed the following fund balance type by taking the following action:

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
General Fund	216,949	Long-Term Sick Leave Commitment

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the District would first use *committed*, then *assigned*, and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Special Revenue	State, Local and Federal Grants

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Operating Revenues and Expenses

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

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.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Interfund Activity

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

### Pensions

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

County Employees Retirement System - 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 of the State of Kentucky (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. 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.

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

### Postemployment Benefits Other Than Pensions

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

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

### **NOTE B – ESTIMATES**

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

### **NOTE C – CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk - Deposits.** Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the District's total cash and cash equivalents was \$19,789,712. Of the total cash balance, \$268,662 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Cash and cash equivalents at June 30, 2020, consisted of the following:

	<b>Bank Balance</b>	<b>Book Balance</b>
Citizens National Bank	20,774,824	19,771,050
U.S. Bank	2,145	2,145
Cumberland Security Bank	16,485	12,544
Monticello Bank	<u>4,187</u>	<u>3,973</u>
Total	<u>20,797,641</u>	<u>19,789,712</u>

Breakdown per financial statements:

Governmental Funds	14,740,824
Proprietary Funds	<u>4,428,137</u>
Cash per Statement of Net Position	19,168,961
Agency Funds	<u>620,751</u>
Total Cash	<u>19,789,712</u>

**NOTE D – LONG TERM OBLIGATIONS**

The amount shown in the accompanying financial statements as bond obligations represents the District’s future obligations to make payments relating to the bonds issued by the Pulaski County School District Finance Corporation in the original amount aggregating \$68,260,000.

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

2009B	2,460,000	2.00% - 3.25%
2010	9,340,000	1.00% - 2.75%
2011	9,295,000	1.00% - 4.25%
2012	3,185,000	2.90% - 3.37%
2012RA	1,940,000	0.50% - 2.00%
2012R	1,600,000	1.50% - 2.00%
2014	5,950,000	1.10% - 4.00%
2015	4,500,000	1.00% - 2.35%
2016	2,080,000	2.00% - 2.00%
2017R	23,685,000	2.00% - 3.00%
2018	2,775,000	3.25% - 3.625%
2019	1,450,000	1.50% - 2.500%

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

In 1995 the Board entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local schools districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission’s participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice of its intention not to participate not less than sixty days prior to the end of its biennium.

On September 5, 2019 the District issued \$1,450,000 in School Building Revenue Bonds at interest rates ranging from 1.5% to 2.5%. The net proceeds of \$1,402,803 (after \$29,000 in cost of issuance and \$18,197 in bond discount) were deposited in the construction fund. The final principal payment matures September 1, 2039.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2020, for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2020-21	3,700,000	1,538,500	387,512	4,850,988
2021-22	3,785,000	1,452,539	388,813	4,848,726
2022-23	3,875,000	1,357,412	390,013	4,842,399
2023-24	3,945,000	1,275,055	376,115	4,843,940
2024-25	4,015,000	1,172,780	344,392	4,843,388
2025-26	4,120,000	1,059,453	340,393	4,839,060
2026-27	4,240,000	941,722	341,393	4,840,329
2027-28	4,155,000	813,825	132,292	4,836,533
2028-29	4,285,000	686,103	132,293	4,838,810
2029-30	3,185,000	552,361	56,177	3,681,184
2030-31	3,310,000	427,062	56,178	3,680,884
2031-32	2,140,000	293,533	33,902	2,399,631
2032-33	2,220,000	220,493	33,902	2,406,591
2033-34	2,320,000	143,694	33,903	2,429,791
2034-35	320,000	53,131		373,131
2035-36	330,000	42,781		372,781
2036-37	335,000	32,050		367,050
2037-38	355,000	20,753		375,753
2038-39	365,000	8,970		373,970
2039-40	120,000	1,500		121,500
	<u>51,120,000</u>	<u>12,093,717</u>	<u>3,047,278</u>	<u>60,166,439</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government</b>					
Governmental Activities:					
Revenue Bonds Payable	53,240,000	1,450,000	(3,570,000)	51,120,000	3,700,000
Add: Bond Premiums	220,546	0	(22,503)	198,043	22,503
Less: Bond Discount	<u>(40,736)</u>	<u>(18,198)</u>	<u>2,799</u>	<u>(56,135)</u>	<u>(3,026)</u>
Revenue Bonds – Net	53,419,810	1,431,802	(3,589,704)	51,261,908	3,716,477
Capital Lease Obligations	4,543,502	1,057,451	(825,501)	4,775,452	859,143
Net Pension Liability	22,424,479	5,385,432	0	27,809,911	0
Net OPEB Liability	24,889,075	0	(2,488,441)	22,400,634	0
Accrued Sick Leave	<u>1,524,106</u>	<u>448,835</u>	<u>(157,533)</u>	<u>1,815,408</u>	<u>216,949</u>
Total Governmental Activities:	<u>106,800,972</u>	<u>8,323,520</u>	<u>(7,061,179)</u>	<u>108,063,313</u>	<u>4,795,569</u>
Proprietary Activities:					
Net Pension Liability	4,592,966	1,103,040	0	5,696,006	0
Net OPEB Liability	<u>1,341,919</u>	<u>43,126</u>	<u>0</u>	<u>1,385,045</u>	<u>0</u>
Total Long-Term Liabilities:	<u>112,735,857</u>	<u>9,469,686</u>	<u>(7,061,179)</u>	<u>115,144,364</u>	<u>4,795,569</u>

**NOTE E - CAPITAL LEASE PAYABLE**

The District is the lessee of buses under capital leases expiring in various years through 2030. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense for fiscal year 2020.

The following is a summary of property held under capital leases:

<u>Classes of Property</u>	<u>Book Value as of June 30, 2020</u>
Buses	8,598,461
Accumulated Amortization	<u>(3,816,439)</u>
	<u>4,782,022</u>

The following is a schedule by years of the future principal payments under capital leases as of June 30, 2020:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2021	977,594
2022	866,041
2023	777,094
2024	671,832
2025	579,915
2026-2030	<u>1,382,618</u>
Net minimum lease payments	5,255,094
Amount representing interest	<u>(479,642)</u>
Present value of net minimum lease payments	<u>4,775,452</u>

Interest rates on capitalized leases vary from 1.00% to 4.00%. The capital leases provide for the buses to revert to the District at the end of the respective lease with no further payment for purchase.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
<b>GOVERNMENTAL ACTIVITIES:</b>				
Non-Depreciable Assets:				
Land	3,021,177			3,021,177
Construction	3,020,401	(1,669,378)		1,351,023
Depreciable Assets:				
Buildings & Building Improvements	98,950,407	4,085,278		103,035,685
Technology Equipment	7,486,183	39,918		7,526,101
Vehicles	14,158,563	1,130,441	353,296	14,935,708
General Equipment	2,264,317	56,319		2,320,636
<b>TOTAL AT HISTORICAL COST</b>	<b>128,901,048</b>	<b>3,642,578</b>	<b>353,296</b>	<b>132,190,330</b>
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings & Building Improvements	42,190,015	2,257,043		44,447,058
Technology Equipment	7,514,750	11,351		7,526,101
Vehicles	9,068,258	972,406	353,296	9,687,368
General Equipment	1,252,247	139,357		1,391,604
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>60,025,270</b>	<b>3,380,157</b>	<b>353,296</b>	<b>63,052,131</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL NET</b>	<b>68,875,778</b>	<b>262,421</b>	<b>-</b>	<b>69,138,199</b>
<b>PROPRIETARY ACTIVITIES:</b>				
Depreciable Assets:				
Technology Equipment	56,057			56,057
Vehicles	27,330			27,330
General Equipment	2,694,177			2,694,177
<b>TOTALS AT HISTORICAL COST</b>	<b>2,777,564</b>	<b>-</b>	<b>-</b>	<b>2,777,564</b>
LESS ACCUMULATED DEPRECIATION FOR:				
Technology Equipment	56,057			56,057
Vehicles	27,330			27,330
General Equipment	2,239,383	99,917		2,339,300
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>2,322,770</b>	<b>99,917</b>	<b>-</b>	<b>2,422,687</b>
<b>PROPRIETARY ACTIVITIES CAPITAL NET</b>	<b>454,794</b>	<b>(99,917)</b>	<b>-</b>	<b>354,877</b>
<b>DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:</b>				
Instructional				251,351
Student Support Services				4,524
District Administration				100,709
School Administration				5,463
Business Support Services				1,014
Plant Operation & Maintenance				2,107,510
Student Transportation				907,686
Community Service Operations				1,900
<b>TOTAL</b>				<b>3,380,157</b>

**NOTE G – RETIREMENT PLANS**

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.

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

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

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

*Plan description*—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—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 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/05\\_publications/index.htm](http://www.TRS.ky.gov/05_publications/index.htm).

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees 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 employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees 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 employees 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. 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 employees and \$5,000 for retired or disabled employees.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. University employees are required to contribute 10.40% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS.

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

### **Medical Insurance Plan**

*Plan description*—In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund 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.

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees 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, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) 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.

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS 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 Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

District's proportionate share of the CERS net pension liability	\$ 33,505,917
Commonwealth's proportional share of the TRS net pension liability associated with the District	<u>136,531,389</u>
	<u>\$ 170,037,306</u>

The net pension liability for each plan was measured as of June 30, 2019, 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 for CERS 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, 2019, the District's proportion was 0.210158% percent.

For the year ended June 30, 2020, the District recognized pension expense of \$6,369,853 related to CERS and \$10,274,741 related to TRS. The District also recognized revenue of \$10,274,741 for TRS support provided by the Commonwealth. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 855,507	\$ 141,571
Changes of assumptions	3,391,179	-
Net difference between projected and actual earnings on pension plan investments	643,182	1,183,312
Changes in proportion and differences between District contributions and proportionate share of contributions	1,316,306	48,201
District contributions subsequent to the measurement date	<u>2,347,801</u>	<u>-</u>
Total	<u>\$ 8,553,975</u>	<u>\$ 1,373,084</u>

\$2,347,801 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	2,850,947
2022	1,385,210
2023	558,616
2024	38,317
2025	-

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Actuarial assumptions*—The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

### Teachers' Retirement System (TRS)

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, closed
Remaining Amortization Period	25.4 years
Asset Valuation Method	5-year smoothed market
Investment rate of return	7.50%, net of pension plan investment expenses, including inflation
Projected salary increases	3.5-7.3%, includes inflation
Cost of living adjustments	1.50% annually
Inflation rate	3.0-3.5%

### County Employees' Retirement System (CERS)

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008-June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, closed
Remaining Amortization Period	26 years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets if recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%, net of pension plan investment expenses, including inflation
Projected salary increases	3.3 to 11.5% average, includes inflation
Inflation rate	2.30%

For CERS, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

For TRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a setback of 1 year for females. The last experience study was performed in 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are

considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

For TRS, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40.00%	4.20%
International Equity	22.00%	5.20%
Fixed Income	15.00%	1.20%
Additional Categories	7.00%	3.20%
Real Estate	7.00%	3.80%
Private Equity	7.00%	6.3%
Cash	2.0%	.9%
Total	<u>100.0%</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For CERS 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
<b>Growth</b>	<b>62.50%</b>	
U.S. Equity	18.75%	4.30%
Non-U.S. Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
<b>Liquidity</b>	<b>14.50%</b>	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
<b>Diversifying Strategies</b>	<b>23.00%</b>	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.0%	4.10%
Total	100.0%	

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

For TRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.01% was applied to all periods of projected benefit payments after 2039. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share			
of net pension liability	41,906,398	33,505,917	26,504,197
TRS	6.50%	7.50%	8.50%
District's proportionate share			
of net pension liability	0	0	0

*Pension plan fiduciary net position*—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

**NOTE H – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Teachers’ Retirement System of Kentucky

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

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

**Medical Insurance Plan**

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

At June 30, 2020, the Pulaski County District reported a liability of \$15,656,000 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, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District’s proportion was .5349 percent, compared to .5290 percent at June 30, 2018.

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

District’s proportionate share of the net OPEB liability	\$ 15,656,000
State’s proportionate share of the net OPEB liability associated with the District	<u>12,643,000</u>
Total	<u>\$ 28,299,000</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$242,949 and revenue of \$764,611 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,096,208
Changes of assumptions	37,067	-
Net difference between projected and actual earnings on pension plan investments	230,146	-
Changes in proportion and differences between District contributions and proportionate share of contributions	100,136	159,331
District contributions subsequent to the measurement date	<u>1,045,255</u>	<u>-</u>
Total	<u>1,412,604</u>	<u>2,255,539</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,045,225 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. 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:

<b>Year ended June 30:</b>	
2021	\$ (357,943)
2022	(357,943)
2023	(339,133)
2024	(342,453)
2025	(297,640)
Thereafter	(193,078)

*Actuarial assumptions* – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.5% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and Older	5.5% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B Premiums	2.63% for FY 2019 with an ultimate rate of 5.00% by 2031
Municipal Bond Index Rate	3.50%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	1.2%
Real Estate	6.5%	3.8%
Private Equity	8.5%	6.3%
Additional Categories	17.0%	3.2%
Cash	1.0%	0.9%
Total	<u>100.0%</u>	

*Discount rate* - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
TRS	7.00%	8.00%	9.00%
District's proportionate share of net OPEB liability	18,546,000	15,656,000	13,235,000

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	12,745,000	15,656,000	19,236,000

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Life Insurance Plan**

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

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

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

At June 30, 2020, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	-0-
State’s proportionate share of the net OPEB liability associated with the District	<u>294,000</u>
Total	<u>\$ 294,000</u>

*Actuarial assumptions* – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.5-7.45%, including inflation
Inflation rate	3.5%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.50%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

<u>Asset Class*</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Additional Categories	6.0%	3.2%
Cash	2.0%	0.9%
Total	<u>100.0%</u>	

*\*As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return.*

*\*\*Modeled as 50% High Yield and 50% Bank Loans.*

*Discount rate* - The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

County Employees’ Retirement System of Kentucky

*Plan description* – Classified (non-certified) employees of the Kentucky School District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx>.

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 CERS Medical Insurance. The following information is about the CERS plans:

**Medical Insurance Plan**

*Plan description* –The Kentucky Retirement Systems’ Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Pulaski County School District since the District does not have or qualify to have employees participate in KERS or SPRS.

*Benefits provided* – Medical Insurance coverage is provided based on the member’s initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>Paid By Insurance Fund (%)</u>
20+	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the District.

*Contributions* – In order to fund the post-retirement healthcare benefit, four and seventy-six one hundredths percent (4.76%) of the gross annual payroll of members is contributed for the year ended June 30, 2020 for CERS Non-Hazardous, which is the portion of the plan applicable to the District, and this portion is paid 100% paid by employer contributions. One percent (1.00%) is contributed by employees hired on or after September 1, 2008.

At June 30, 2020, the Pulaski County District reported a liability of \$8,129,679 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, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District’s proportion was .483347 percent, compared to .443598 percent at June 30, 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

District's proportionate share of the net OPEB liability	\$ 8,129,679
State's proportionate share of the net OPEB liability associated with the District	<u>-0-</u>
Total	<u>\$ 8,129,679</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$807,768. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,452,913
Changes of assumptions	2,405,647	16,085
Net difference between projected and actual earnings on pension plan investments	53,549	414,634
Changes in proportion and differences between District contributions and proportionate share of contributions	557,867	49,822
District contributions subsequent to the measurement date	<u>753,601</u>	<u>-</u>
Total	<u><u>3,770,664</u></u>	<u><u>2,933,454</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$753,601 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. 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:

<b>Year ended June 30:</b>	
2021	\$ 32,847
2022	32,847
2023	147,651
2024	(72,485)
2025	(57,636)
Thereafter	385

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Actuarial assumptions* – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008-June 30 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	26 Years, Closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return	6.25%
Projected salary increases	3.05% to 11.55%, varies by service
Inflation rate	2.30%
Payroll Growth Rate	2.00%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	Initial trend starting at 5.0% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table Projected with Scale BB to 2013 (Set-back for one year for females) For Disabled members, the RP-2000 Combined Disability Mortality Table projected with Scale BB to 2013(set back four years for males) is used for period after disability retirement.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Growth</b>	<b>62.50%</b>	
U.S. Equity	18.75%	4.30%
Non-U.S. Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
<b>Liquidity</b>	<b>14.50%</b>	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
<b>Diversifying Strategies</b>	<b>23.00%</b>	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.0%	4.10%
Total	100.0%	

*Discount rate* - The discount rate used to measure the total OPEB liability was 5.68%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.68%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.68%	5.68%	6.68%
District's proportionate share of net OPEB liability	10,890,425	8,129,679	5,855,007

*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:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net pension liability	6,046,084	8,129,679	10,656,285

*OPEB plan fiduciary net position* – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CERS financial report.

**NOTE I – CONTINGENCIES**

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

**NOTE 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, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies, which are retrospectively related including Workers’ Compensation insurance.

**NOTE K – RISK MANAGEMENT**

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers’ compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently, the District maintains insurance coverage through Ohio Casualty Insurance Company.

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE L – DEFICIT OPERATING BALANCES**

The Food Service Fund had a deficit fund balance of \$1,007,731 at June 30, 2020. Additionally, the following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

Special Revenue	154,617
Debt Service	4,877,010
Construction	1,799,448
General	1,807,072
District Activity	3,113

**NOTE M – 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 N – TRANSFER OF FUNDS**

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	154,617
Operating	Building	General	Operations	857,109
Operating	General	Debt Service	Debt Service	86,345
Operating	Capital Outlay	Debt Service	Debt Service	742,824
Operating	Building	Debt Service	Debt Service	<u>4,047,841</u>
		Subtotal Governmental Funds Transferred		5,888,736
Operating	Food Service	General Fund	Indirect Costs	<u>270,142</u>
		Total Transferred Funds		<u>6,158,878</u>

**NOTE O – INTERFUND RECEIVABLES AND PAYABLES**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service	\$42,133

The interfund payables/receivables represent temporary financing that will be repaid within one year.

**NOTE P – SUBSEQUENT EVENTS**

Management has reviewed subsequent events through November 16, 2020, the date the financial statements were available for release. There are no material subsequent events to disclose.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE Q – ON-BEHALF PAYMENT**

For the year ended June 30, 2020, \$20,952,582 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

Teachers Retirement System (GASB 68 Schedule A)	\$10,274,741
Teachers Retirement System (GASB 75)	764,611
Health Insurance	9,506,497
Life Insurance	14,887
Administrative Fee	123,012
HRA/Dental/Vision	400,933
Federal Reimbursement	(635,602)
Technology	117,390
SFCC Debt Service Payments	<u>386,113</u>
 Total	 <u>\$20,952,582</u>

**NOTE R – COMMITMENTS**

Pulaski County School District is renovating Southern Middle School. Construction for this project is ongoing as of the audit date. It is anticipated that the completion of these projects will cost an additional \$102,641.

Pulaski County School District had operating equipment lease commitments at year-end. The commitments are due as listed below for the periods 2021 - 2024.

<u>Year Ending June 30,</u>	<u>Lease Commitment</u>
2021	110,994
2022	110,994
2023	110,994
2024	110,995

REQUIRED SUPPLEMENTARY  
INFORMATION

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Taxes	19,050,000	19,050,000	19,121,419	71,419
Other Local Sources	462,938	462,938	1,005,930	542,992
State Sources	45,714,998	45,714,998	51,908,326	6,193,328
Federal Sources	0	0	0	0
Other Sources	255,000	255,000	2,282,949	2,027,949
<b>TOTAL REVENUES</b>	<b>65,482,936</b>	<b>65,482,936</b>	<b>74,318,624</b>	<b>8,835,688</b>
<b>EXPENDITURES:</b>				
Instructional	39,185,626	39,185,626	43,818,315	(4,632,689)
Student Support Services	4,334,302	4,334,302	6,064,358	(1,730,056)
Staff Support Services	5,127,007	5,127,007	3,123,081	2,003,926
District Administration	1,805,790	1,805,790	1,836,666	(30,876)
School Administration	2,939,515	2,939,515	3,913,718	(974,203)
Business Support Services	763,514	763,514	876,494	(112,980)
Plant Operation & Maintenance	7,123,450	7,123,450	8,095,138	(971,688)
Student Transportation	4,518,663	4,518,663	5,252,897	(734,234)
Community Service Operations	6,000	6,000	4,971	1,029
Facilities Acquisition & Construction	474,500	474,500	0	474,500
Debt Service			857,109	(857,109)
Other	1,122,279	1,122,279	240,962	881,317
<b>TOTAL EXPENDITURES</b>	<b>67,400,646</b>	<b>67,400,646</b>	<b>74,083,709</b>	<b>(6,683,063)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,917,710)</b>	<b>(1,917,710)</b>	<b>234,915</b>	<b>2,152,625</b>
<b>FUND BALANCES - BEGINNING</b>	<b>10,600,000</b>	<b>10,600,000</b>	<b>11,283,203</b>	<b>683,203</b>
<b>FUND BALANCES - ENDING</b>	<b>8,682,290</b>	<b>8,682,290</b>	<b>11,518,118</b>	<b>2,835,828</b>

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

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
State Sources	3,231,420	3,231,420	3,168,370	(63,050)
Federal Sources	7,588,269	7,588,269	6,909,447	(678,822)
Other Sources	175,450	175,450	184,801	9,351
<b>TOTAL REVENUES</b>	<b>10,995,139</b>	<b>10,995,139</b>	<b>10,262,618</b>	<b>(732,521)</b>
<b>EXPENDITURES:</b>				
Instructional	9,988,027	9,988,027	8,954,672	1,033,355
Student Support Services			16,659	(16,659)
Staff Support Services			184,407	(184,407)
District Administration				
School Administration				
Business Support Services			36,614	(36,614)
Plant Operation & Maintenance				
Student Transportation			29,178	(29,178)
Food Service				
Adult Education				
Community Service Operations	1,007,112	1,007,112	1,041,088	(33,976)
Facility Acquisition & Construction				
Other				
<b>TOTAL EXPENDITURES</b>	<b>10,995,139</b>	<b>10,995,139</b>	<b>10,262,618</b>	<b>732,521</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES - BEGINNING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES - ENDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

PULASKI COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	<u>\$ 208,474,524</u>	<u>232,487,535</u>	<u>303,279,104</u>	<u>275,575,036</u>	<u>133,840,262</u>	<u>136,531,389</u>
<b>TOTAL</b>	<b><u>208,474,524</u></b>	<b><u>232,487,535</u></b>	<b><u>303,279,104</u></b>	<b><u>275,575,036</u></b>	<b><u>133,840,262</u></b>	<b><u>136,531,389</u></b>
District's covered-employee payroll	\$ 32,792,728	34,109,543	34,191,833	35,123,808	33,628,697	34,841,873
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	44.70%	57.04%	39.80%	59.30%	58.80%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.438221%	0.446429%	0.450032%	0.444678%	0.443614%	0.476407%
District's proportionate share of the net pension liability	\$ 14,217,550	19,194,327	22,157,839	26,028,370	27,017,445	33,505,917
State of Kentucky's share of the net pension liability associated with the district	-	-				
<b>TOTAL</b>	<b>\$ 14,217,550</b>	<b>19,194,327</b>	<b>22,157,839</b>	<b>26,028,370</b>	<b>27,017,445</b>	<b>33,505,917</b>
District's covered-employee payroll	\$ 10,596,488	10,948,667	11,041,179	11,187,930	12,416,811	12,164,773
District's proportionate share of the net pension liability as a percentage of its covered-payroll	134.17%	175.31%	200.68%	232.65%	217.59%	275.43%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	63.46%	55.50%	53.30%	53.54%	50.45%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE  
 TEACHERS RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 32,792,728	\$ 34,109,543	\$ 34,191,833	\$ 35,123,808	\$ 33,628,697	\$ 34,841,873
Contributions as a percentage of 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 are not displayed.*



PULASKI COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ 1,347,954	\$ 1,359,825	\$ 1,540,244	\$ 1,620,012	\$ 2,014,007	\$ 2,347,801
Contributions in relation to the actuarially determined contributions	<u>1,347,954</u>	<u>1,359,825</u>	<u>1,540,244</u>	<u>1,620,012</u>	<u>2,014,007</u>	<u>2,347,801</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,596,488	\$ 10,948,667	\$ 11,041,179	\$ 11,187,930	\$ 12,416,811	\$ 12,164,773
Contributions as a percentage of Covered employee payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY - MEDICAL INSURANCE  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of net OPEB liability	0.444678%	0.443598%	0.483347%
District's proportionate share of the net OPEB liability	8,939,549	7,875,994	8,129,679
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-
<b>TOTAL</b>	<u><u>8,939,549</u></u>	<u><u>7,875,994</u></u>	<u><u>8,129,679</u></u>
District's covered-employee payroll	11,187,930	12,416,811	12,164,773
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	79.90%	63.43%	66.83%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
TEACHERS' RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of net OPEB liability	0.5406%	0.5290%	0.5290%
District's proportionate share of the net OPEB liability	19,278,000	18,355,000	15,656,000
State of Kentucky's share of the net OPEB liability associated with the district	<u>15,748,000</u>	<u>15,818,000</u>	<u>12,643,000</u>
<b>TOTAL</b>	<b><u>35,026,000</u></b>	<b><u>34,173,000</u></b>	<b><u>28,299,000</u></b>
District's covered-employee payroll	\$ 35,123,808	\$ 33,628,697	\$ 34,841,873
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	54.89%	54.58%	44.93%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN  
 TEACHERS' RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	<u>211,000</u>	<u>271,000</u>	<u>294,000</u>
<b>TOTAL</b>	<b><u>211,000</u></b>	<b><u>271,000</u></b>	<b><u>294,000</u></b>
District's covered-employee payroll	\$ 35,123,808	\$ 33,628,697	\$ 34,841,873
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	75.00%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSUARANCE PLAN  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ 525,833	\$ 653,124	\$ 594,043
Contributions in relation to the actuarially determined contributions	<u>525,833</u>	<u>653,124</u>	<u>594,043</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,187,930	\$ 12,416,811	\$ 12,164,773
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN  
 TEACHERS RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ 1,053,714	\$ 1,008,861	\$ 1,045,256
Contributions in relation to the actuarially determined contributions	<u>1,053,714</u>	<u>1,008,861</u>	<u>1,045,256</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 35,123,808	\$ 33,628,697	\$ 34,841,873
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE LIFE INSURANCE PLAN  
 TEACHERS RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 35,123,808	\$ 33,628,697	\$ 34,841,873
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

PULASKI COUNTY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2020

**TEACHERS' RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

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

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

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

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

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

Actuarial Cost Method	Entry age
Amortization Period	Level percentage of payroll, closed
Remaining amortization period	25.4 years
Asset valuation method	5-year smoothed market
Inflation	3.0-3.5 percent
Salary Increase	3.5 to 7.3 percent, including inflation
Ultimate Investment rate of return	7.50 percent, net of pension plan investment Expense, including inflation

**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for TRS pension.



PULASKI COUNTY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2020

**COUNTY EMPLOYEES RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2015

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

The assumed investment rate of return was decreased from 7.75% to 7.50%

The assumed inflation rate was reduced from 3.5% to 3.255%

The assumed rate of wage inflation was reduced from 1.00% to .75%

Payroll growth assumption was reduced from 4.5% to 4%

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females)

For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016

There were no changes of assumptions for the year ended June 30, 2016.

2017

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

The assumed rate of inflation was reduced to 2.30% from 3.25%

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018

There were no changes in assumptions.

2019

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

PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
 FOR THE YEAR ENDED JUNE 30, 2020

**COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

The projected salary increase was changed to 3.3-11.5% from 3.05%

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%

The inflation rate was changed to 2.3% from 3.25%

**COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

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

The actuarially determined contribution rates in the schedule of contribution are determined on a biennial basis beginning with the fiscal years ended 2016 and 2017, determined as of July 1, 2016. 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 the rates reported in that schedule:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25 percent
Salary Increase	3.3-11.5 percent average, includes inflation
Investment Rate of Return	6.25 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for CERS pension.

PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY  
 FOR THE YEAR ENDED JUNE 30, 2020

**TEACHERS' RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

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

*Methods and assumptions used in the actuarially determined contributions* – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	23 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.5% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.5% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	2.63% for FY 2019 with an ultimate rate of 5.00% by 2031
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

**NOTE C – CHANGES OF BENEFITS**

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

PULASKI COUNTY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2020

**COUNTY EMPLOYEES RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2017

The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (\*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018

There were no changes in assumptions.

2019

The investment rate of return was changed to 6.25% from 7.0%

The projected salary increases changed to 3.05-11.55% from 4.0%

The inflation rate changed to 2.3% from 3.25%

The payroll growth rate changed to 2.0% from 4.0%

PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY  
 FOR THE YEAR ENDED JUNE 30, 2020

**COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

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

*Methods and assumptions used in the actuarially determined contributions* – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as 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, 2019:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.3 percent
Salary Increase	2.0 percent, average
Investment Rate of Return	6.25 %
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	Initial trend starting at 5.0% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for CERS OPEB.

OTHER SUPPLEMENTARY  
INFORMATION

PULASKI COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	BUILDING FUND	SEEK CAPITAL OUTLAY FUND	DISTRICT ACTIVITY FUND	CONSTRUCTION FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
<b>ASSETS:</b>					
Cash & Cash Equivalents	945	369,962	587,647	453,564	1,412,118
<b>TOTAL ASSETS</b>	<b>945</b>	<b>369,962</b>	<b>587,647</b>	<b>453,564</b>	<b>1,412,118</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable			8,877	4,366	13,243
Total Liabilities	0	0	8,877	4,366	13,243
Fund Balances:					
Restricted for:					
Capital Projects				449,198	449,198
School Activities			578,770		578,770
SFCC Escrow	945	369,962			370,907
Total Fund Balances	945	369,962	578,770	449,198	1,398,875
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>945</b>	<b>369,962</b>	<b>587,647</b>	<b>453,564</b>	<b>1,412,118</b>

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

PULASKI COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND	SEEK CAPITAL OUTLAY FUND	DISTRICT ACTIVITY FUND	CONSTRUCTION FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
<b>REVENUES:</b>					
Taxes	3,616,108				3,616,108
Earnings from Investments			10,231	10,561	20,792
Intergovernmental - State	1,289,522	742,824		4,864	2,037,210
Other Sources			374,534		374,534
<b>TOTAL REVENUES</b>	<b>4,905,630</b>	<b>742,824</b>	<b>384,765</b>	<b>15,425</b>	<b>6,048,644</b>
<b>EXPENDITURES:</b>					
Instructional			317,446		317,446
Support Services:					
Student Support Services			355		355
Staff Support Services			39,777		39,777
Business Support Services				29,000	29,000
Plant Operation & Maintenance			24,688		24,688
Student Transportation			5,612		5,612
Facilities Acquisition & Construction				1,785,873	1,785,873
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>387,878</b>	<b>1,814,873</b>	<b>2,202,751</b>
<b>EXCESS(DEFICIT) REVENUES OVER EXPENDITURES</b>	<b>4,905,630</b>	<b>742,824</b>	<b>(3,113)</b>	<b>(1,799,448)</b>	<b>3,845,893</b>
<b>OTHER FINANCING SOURCES(USES):</b>					
Proceeds from Sale of Bonds				1,450,000	1,450,000
Discount on Issuance of Bonds				(18,198)	(18,198)
Operating Transfers Out	(4,904,950)	(742,824)			(5,647,774)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(4,904,950)</b>	<b>(742,824)</b>	<b>0</b>	<b>1,431,802</b>	<b>(4,215,972)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>680</b>	<b>0</b>	<b>(3,113)</b>	<b>(367,646)</b>	<b>(370,079)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>265</b>	<b>369,962</b>	<b>581,883</b>	<b>816,844</b>	<b>1,768,954</b>
<b>FUND BALANCES - ENDING</b>	<b>945</b>	<b>369,962</b>	<b>578,770</b>	<b>449,198</b>	<b>1,398,875</b>

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



PULASKI COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	FUND BALANCE JULY 1, 2019	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2020
Pulaski Co High School	176,045	450,534	443,965	182,614
Pulaski County High Charitable Gaming	223	5,231	5,454	-
Southwestern High School	201,438	348,942	355,656	194,724
Northern Middle School	77,384	192,126	186,460	83,050
Southern Middle School	70,992	225,954	214,071	82,875
Burnside Elementary	2,872	22,517	18,037	7,352
Eubank Elementary	8,428	37,656	33,540	12,544
Nancy Elementary	1,245	43,470	42,275	2,440
Nancy Charitable Gaming	162	-	162	-
Northern Elementary	3,191	34,778	32,644	5,325
Oakhill Elementary	2,926	37,232	34,917	5,241
Pulaski Co Elementary	10,613	114,386	109,409	15,590
Shopville Elementary	5,067	40,292	41,388	3,971
Southern Elementary	13,813	69,025	57,813	25,025
Total Activity Funds (Due to Student Groups)	<u>574,399</u>	<u>1,622,143</u>	<u>1,575,791</u>	<u>620,751</u>

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

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	CASH BALANCE			CASH BALANCE	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	FUND BALANCE
	JULY 1, 2019	RECEIPTS	DISBURSEMENTS	JUNE 30, 2020	JUNE 30, 2020	JUNE 30, 2020	JUNE 30, 2020
Agri Mechanics	566	4,510	840	4,236			4,236
Ag-Production	8,360	12,283	7,176	13,467			13,467
Interest Earned	304	600	721	183			183
Art	98	0	0	98			98
Athletics	13,746	110,733	106,476	18,003			18,003
Band	14	0	(180)	194			194
AP Human Gerography	8	0	0	8			8
Consumer/Family/Food	3,922	606	4,359	169			169
Culinary Arts Club	0	2,385	1,751	634			634
Culinary Lab Fee	0	185	0	185			185
Donation 3D Printing	0	1,050	627	423			423
Extra Athletic Personnel	648	0	648	0			0
General	0	1,506	0	1,506			1,506
ROTC	1,432	12,606	9,608	4,430			4,430
Bio Med Lab Fees	0	100	0	100			100
Special Ed	250	465	300	415			415
Supply Store	16,985	56,148	43,566	29,567			29,567
Technology Ed Club	7	0	0	7			7
Chorus Club	2,587	31,387	30,117	3,857			3,857
History Club	45	0	0	45			45
Fishing Club	1,239	2,012	1,650	1,601			1,601
ADVPP Club	2,725	306	181	2,850			2,850
Faculty Vending	270	0	270	0			0
FB Playoffs vs S Oldham	0	0	0	0			0
Lib Club	520	8	(71)	599			599
Parking Fundraiser	463	4,680	5,143	0			0
Student Vending	2,449	0	2,449	0			0
Youth Service Center	90	610	394	306			306
STLP Club	778	633	457	954			954
FYSC - United Way	583	251	(41)	875			875
Disc Golf Club	186	80	0	266			266
Cheerleaders	26,400	6,274	32,363	311			311
Dance Team	0	5,039	5,029	10			10
DECA	14,369	32,208	29,104	17,473			17,473
Environmental Club	408	0	0	408			408
FBLA	539	23,115	19,865	3,789			3,789
FCA	1,778	0	(40)	1,818			1,818
FFA	1,151	32,571	31,124	2,598			2,598
FCCLA	2,139	5,591	4,712	3,018			3,018
NHS	2,665	2,430	1,799	3,296			3,296
Pep Club	243	0	0	243			243
United/S.A.D.D.	10	0	0	10			10
Drama Club	3,990	514	2,982	1,522			1,522
Student Council	1,080	615	582	1,113			1,113
Boys Golf Boosters	290	0	(200)	490			490
Sports Officials	0	858	858	0			0
Philosophy Club	35	0	35	0			0
Educators Rising	1,546	482	1,542	486			486
Prom	7,941	0	3,605	4,336			4,336
12th Region Basketball	0	30,803	19,867	10,936			10,936
Chess Club	11	60	0	71			71
RPG Club	191	100	(153)	444			444
Student YMCA	680	12,815	10,365	3,130			3,130
Softball Booster	4,837	6,806	2,245	9,398			9,398
Boys Basketball Booters	0	900	(215)	1,115			1,115
Girls Soccer Booster	1,984	11,100	11,165	1,919			1,919
Boys Soccer Booster	5,475	2,300	7,086	689			689

Baseball Booster	3	0	3	0			0
Cross Country Boosters	0	0	(140)	140			140
Volleyball Booster	9,707	16,939	17,308	9,338			9,338
Girls Golf Boosters	0	0	(101)	101			101
Project Graduation	3,812	1,630	3,159	2,283			2,283
Feud for Food	645	965	1,024	586			586
Tennis	4,033	1,555	2,969	2,619			2,619
Kool Kardz Klub	376	1,230	388	1,218			1,218
Shelley's Yearbook Class	541	2,360	2,498	403			403
Archery Booster	274	420	169	525			525
YSC Attendance Donation	3	0	3	0			0
Art Club	28	0	0	28			28
The Media Club	185	0	(144)	329			329
Book Club	83	620	251	452			452
JROTC Nationals Acc	1,542	0	485	1,057			1,057
J.W. Science Lab Class	0	370	0	370			370
Swim Team	292	747	968	71			71
Alloc Boys Basketball	501	0	501	0			0
Alloc Girls Basketball	746	0	746	0			0
Alloc Cross Country	25	0	25	0			0
Alloc Boys Soccer	36	0	36	0			0
Alloc Girls Soccer	1,000	0	1,000	0			0
Alloc Tennis	179	0	179	0			0
Alloc Boys Track	172	0	172	0			0
Alloc Girls Track	451	0	451	0			0
Alloc Volleyball	700	0	700	0			0
Alloc Cheerleaders	600	0	600	0			0
Alloc Swim Team	300	0	300	0			0
Saddle Up Club	273	0	68	205			205
Anime Club	4	0	0	4			4
Acadmeic Team Fundraisers	36	0	0	36			36
Robotics Club	476	270	(25)	771			771
Beta Club	1,230	1,000	444	1,786			1,786
Spanish Honor Soc	145	260	275	130			130
PBIS	574	300	338	536			536
Link Crew Club	25	945	600	370			370
Rocket Club	188	0	0	188			188
AP Study Fund	362	0	0	362			362
AP Biology	44	0	0	44			44
HOSA	2,814	6,341	7,551	1,604			1,604
Science Olympiad	150	0	21	129			129
AP European	72	0	0	72			72
Biomed/Engineering Club	635	0	0	635			635
PK 28	3,863	0	3,863	0			0
Nancy New 126 Class	143	0	143	0			0
Bio Donations	2,240	615	1,428	1,427			1,427
DAF General Sweep	0	21,389	20,195	1,194			1,194
DAF FCS Sweep	0	345	345	0			0
DAF Bio Med Fees Sweep	0	100	100	0			0
Harlem Wizards Fundraiser	500	0	500	0			0
Total All Funds	<u>176,045</u>	<u>476,126</u>	<u>469,557</u>	<u>182,614</u>	<u>0</u>	<u>0</u>	<u>182,614</u>
Interfund Transfers	<u>0</u>	<u>(25,592)</u>	<u>(25,592)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>176,045</u></u>	<u><u>450,534</u></u>	<u><u>443,965</u></u>	<u><u>182,614</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>182,614</u></u>

PULASKI COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
SOUTHWESTERN HIGH SCHOOL ACTIVITY FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	CASH			CASH	ACCOUNTS	ACCOUNTS	FUND
	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE	RECEIVABLE	PAYABLE	BALANCE
	<u>JULY 1, 2019</u>			<u>JUNE 30, 2020</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2020</u>
Sr Project Graduation	8,875	725	(10)	9,610			9,610
HOSA	284	4,833	4,608	509			509
Art	2,007	480	954	1,533			1,533
ASL	419	0	0	419			419
Band	0	25	0	25			25
Drama	2,653	1,786	1,766	2,673			2,673
Young Republicans	110	0	0	110			110
Chorus	591	5,651	5,828	414			414
3D Archery	265	0	0	265			265
DECA	5,241	1,988	4,542	2,687			2,687
FBLA	8,834	16,639	15,307	10,166			10,166
FCA	60	420	440	40			40
FFA	4,374	4,221	3,624	4,971			4,971
FCCLA	2,368	1,032	197	3,203			3,203
Link Crew	2,556	4,234	5,325	1,465			1,465
Foreign Language	12	0	0	12			12
Senior Class	416	0	125	291			291
FACS	5,135	4,156	2,298	6,993			6,993
Interest	1,006	785	344	1,447			1,447
Youth Service Center	1,776	846	0	2,622			2,622
NHS	6,392	2,915	3,480	5,827			5,827
Academic Team	132	1,293	1,415	10			10
ROTC	5,386	33,543	33,727	5,202			5,202
Spanish Club	465	120	0	585			585
Student Government	132	405	388	149			149
Tech/STLP	18	0	0	18			18
Trading Post	18,999	28,400	38,243	9,156			9,156
Vending	91	0	0	91			91
Yearbook	8,542	9,736	10,536	7,742			7,742
Environment Club	1,447	0	0	1,447			1,447
Unite Club	42	0	0	42			42
Biology/Trip	174	20,381	20,357	198			198
Music Theatre	0	0	0	0			0
Science Dept	4	0	0	4			4
Prom	16,981	0	0	16,981			16,981
Agriculture	777	425	245	957			957
Library	0	56	0	56			56
Vending II	20	0	0	20			20
Athletic/General	55,589	116,454	105,301	66,742			66,742
Girls Basketball	787	0	0	787			787
Boys Basketball	2,243	3,842	3,908	2,177			2,177
Girls Soccer	6,505	2,855	4,131	5,229			5,229
Boys Soccer	1,629	0	904	725			725
Girls Golf	631	2,250	1,435	1,446			1,446
Boys Golf	478	0	300	178			178
Girls Volleyball	166	47	0	213			213
Softball	0	0	0	0			0

Baseball	1,605	0	500	1,105			1,105
Track	219	1,974	1,511	682			682
Cross Country	29	4,254	3,994	289			289
Swim	438	337	480	295			295
Tennis	2,858	1,070	1,791	2,137			2,137
Cheerleaders	9,213	30,479	37,994	1,698			1,698
Dance	1,745	11,482	10,989	2,238			2,238
Football	800	1,231	0	2,031			2,031
Student Assistance	100	0	0	100			100
Sports Uniforms	2,221	0	0	2,221			2,221
Health/PE	4	0	0	4			4
Archery	4,081	0	0	4,081			4,081
Fishing	116	0	0	116			116
Warrior Nation	403	0	0	403			403
Robotics	2,480	796	2,817	459			459
Bio-Medical	0	1,428	0	1,428			1,428
Sweep	1,272	35,136	36,408	0			0
Total All Funds	<u>202,196</u>	<u>358,730</u>	<u>366,202</u>	<u>194,724</u>	<u>0</u>	<u>0</u>	<u>194,724</u>
Interfund Transfers	<u>0</u>	<u>(5,139)</u>	<u>(5,139)</u>	<u>0</u>			<u>0</u>
Total	<u><u>202,196</u></u>	<u><u>353,591</u></u>	<u><u>361,063</u></u>	<u><u>194,724</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>194,724</u></u>

PULASKI COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PASS THROUGH NUMBER (if applicable)</u>	<u>MUNIS PROJECT NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Education</u>				
Passed-Through Department of Education				
Title I - Grants to Local Educational Agencies	84.010	3100002	310E	607,226
Title I - Parent Involvement	84.010	3100002	310EM	31,247
Title I - Grants to Local Educational Agencies	84.010	3100002	310F	2,063,745
Title I - Parent Involvement	84.010	3100002	310FM	57,340
Title I - Grants to Local Educational Agencies	84.010	3100002	313E	580
Title I - Grants to Local Educational Agencies	84.010	3100002	313F	13,855
Title I - School Improvement	84.010	3100002	320E	45,875
Title I - School Improvement	84.010	3100002	320F	95,291
Title I - School Improvement	84.010	3100002	460C	170,923
Title I Cluster				3,086,082
Title I, Neglected and Delinquent Children and Youth	84.013	314D	314E	34,642
Title I, Neglected and Delinquent Children and Youth	84.013	314E	314F	44,880
Total Title I, Neglected and Delinquent Children and Youth				79,522
Supporting Effective Instruction State Grants	84.367	3230002	401F	433,473
Perkins Voc.	84.048	3710002	348DA	840
Perkins Voc.	84.048	3710002	348E	13,479
Perkins Voc.	84.048	3710002	348EA	1,843
Perkins Voc.	84.048	3710002	348F	108,701
Total Perkins Voc.				124,863
IDEA - Special Education - Grants to State	84.027	3810002	337DP	25,441
IDEA - Special Education - Grants to State	84.027	3810002	337E	1,779
IDEA - Special Education - Grants to State	84.027	3810002	337EP	1,788
IDEA - Special Education - Preschool Grants	84.173	3800002	337F	1,425,576
IDEA - Special Education - Preschool Grants	84.173	3800002	343E	6,470
IDEA - Special Education - Preschool Grants	84.173	3800002	343F	58,783
Special Education Cluster				1,519,837 *
Migrant Education - State Grant Program	84.011	3110002	311D	83
Migrant Education - State Grant Program	84.011	3110002	311E	116,602
Migrant Education - State Grant Program	84.011	3110002	311F	33,838
Migrant Education Total				150,523
Title III - Limited English Proficiency	84.365	3300002	345D	979
Title III - Limited English Proficiency	84.365	3300002	345E	5,673
Title III - Limited English Proficiency	84.365	3300002	345E	292
Title III - Limited English Proficiency Total				6,944
Title V, Part B - Rural and Low Income Schools	84.358B	3140002	350E	106,408
Title V, Part B - Rural and Low Income Schools	84.358B	3140002	350F	93,773
Title V, Part B - Rural and Low Income Schools Total				200,181 *
Title IV, Part A-Student Support and Academic Enrichment	84.424	552D	552D	21,540
Title IV, Part A-Student Support and Academic Enrichment	84.424	552ET	525ET	4,793
Title IV, Part A-Student Support and Academic Enrichment	84.424	552EW	552EW	36,815
Title IV, Part A-Student Support and Academic Enrichment	84.424	552FS	552FS	81,020
Title IV, Part A-Student Support and Academic Enrichment	84.424	552FT	552FT	8,997
Title IV, Part A-Student Support and Academic Enrichment	84.424	552FW	552FW	85,318
Title IV, Part A-Student Support and Academic Enrichment Total				238,483
Community Based Work Transition	84.341	371E	371E	16,974
Community Based Work Transition	84.341	371F	371F	49,473
Community Based Work Transition Total				66,447
Preschool Development Grants	84.419	646F	646F	15,000
Preschool Development Grants	84.419	646FB	646FB	45,000
Preschool Development Grants Total				60,000
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-20	613F	51,931
Passed Through Berea College				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379EB	379EB	3,172

Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379EC	379EC	427
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379EE	379EE	860
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379EG	379EG	70,105
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379EL	379EL	2,281
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379EN	379EN	2,750
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379EP	379EP	1,875
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379FB	379FB	21,764
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379FC	379FC	5,703
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379FG	379FG	463,574
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	479FL	479FL	1,476
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379FN	379FN	2,618
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379FS	379FS	13,781
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	379FE	379FE	500
Gaining Early Awareness and Readiness for Undergraduate Programs Total				590,886
Total U.S. Department of Education				6,609,172
<u>U.S. Department of Health and Human Services</u>				
Passed Through Kentucky Department of Education				
Substance Abuse and Mental Health Services - STOP Act	93.243	240002	551ES	155,879
Substance Abuse and Mental Health Services - STOP Act	93.243	240002	551ET	23,585
Substance Abuse and Mental Health Services - STOP Act Total				179,464
Improving Student Health and Academic Achievement	93.981	482E	482E	6,595
Improving Student Health and Academic Achievement	93.981	482F	482F	11,582
Improving Student Health and Academic Achievement Total				18,177
Youth Risk Behavior Survey	93.938	493F	493F	150
Total U.S. Department of Health and Human Services				197,791
<u>U.S. Department of Defense</u>				
NJROTC	12.404	Direct	504F	112,510
Total U.S. Department of Defense				112,510
<u>U.S. Department of Agriculture</u>				
Passed-Through State Department of Education				
National School Lunchroom	10.555	7750002-19	7750002-19	817,710
National School Lunchroom	10.555	7750002-20	7750002-20	1,949,989
School Breakfast Program	10.553	7760005-19	7760005-19	363,641
School Breakfast Program	10.553	7760005-20	7760005-20	840,453
Summer Food Service Program	10.559	7690024-19	7690024-19	9,684
Summer Food Service Program	10.559	7690024-20	7690024-20	94,777
Summer Food Service Program	10.559	7740023-19	7740023-19	92,938
Summer Food Service Program	10.559	7740023-20	7740023-20	923,474
Child Nutrition Cluster				5,092,666 *
Child & Adult Care Food Program	10.558	7790021-19	7790021-19	79,849
Child & Adult Care Food Program	10.558	7790021-20	7790021-20	182,127
Child & Adult Care Food Program	10.558	7800016-19	7800016-19	5,911
Child & Adult Care Food Program	10.558	7800016-20	7800016-20	12,962
Child & Adult Care Food Program Total				280,849
Fresh Fruit and Vegetable Program	10.582	7720012-19	7720012-19	20,253
Fresh Fruit and Vegetable Program	10.582	7720012-20	7720012-20	101,592
Fresh Fruit and Vegetable Program Total				121,845
State Administrative Expense Funds	10.560	7700001-19	7700001-19	22,524
Passed-Through Department of Agriculture				
Food Distribution	10.565	057502-10	057502-10	287,890
Total U.S. Department of Agriculture				5,805,774
Total Federal Financial Assistance				12,725,247

\* Tested as major program

PULASKI COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Pulaski County School District under programs of the federal government for the year ended June 30, 2020. 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 Pulaski County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pulaski County School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. 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 represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are present where available.

**NOTE C – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

**NOTE D – DE MINIMIS COST RATE**

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

**NOTE E – SUBRECIPIENTS**

There were no subrecipients during the fiscal year.



PULASKI COUNTY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2020

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

**Financial Statements**

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major programs?

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None Reported

Type of auditor’s report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	IDEA Cluster
84.358B	Rural and Low Income School Program

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

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**Section II – Financial Statement of Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported

PULASKI COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2020

There were no prior year audit findings.

**WHITE AND COMPANY, P.S.C.**  
**Certified Public Accountants**  
**219 South Proctor Knott Avenue**  
**Lebanon, Kentucky 40033**  
**(270) 692-2102**  
**Fax (270) 692-2101**

Charles M. White, CPA  
Joseph A. Montgomery, CPA  
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 16, 2020

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

Members of the Board of Education  
Pulaski County School District  
Somerset, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pulaski County School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pulaski County School District's basic financial statements, and have issued our report thereon dated November 16, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pulaski County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pulaski County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pulaski 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pulaski 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*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulation identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Pulaski County School District in a separate letter dated November 16, 2020.

### **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.

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

**WHITE AND COMPANY, P.S.C.**  
**Certified Public Accountants**  
**219 South Proctor Knott Avenue**  
**Lebanon, Kentucky 40033**  
**(270) 692-2102**  
**Fax (270) 692-2101**

Charles M. White, CPA  
Joseph A. Montgomery, CPA  
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 16, 2020

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

Members of the Board of Education  
Pulaski County School District  
Somerset, Kentucky

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

We have audited Pulaski County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pulaski County School District's major federal programs for the year ended June 30, 2020. Pulaski 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Pulaski County School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pulaski County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pulaski County School District's compliance.

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

In our opinion, Pulaski 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, 2020.

### **Report on Internal Control Over Compliance**

Management of Pulaski County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pulaski County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pulaski County School District's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Sincerely,

***White and Company, P.S.C.***

Certified Public Accountants

**WHITE AND COMPANY, P.S.C.**

**Certified Public Accountants  
219 South Proctor Knott Avenue  
Lebanon, Kentucky 40033  
(270) 692-2102  
Fax (270) 692-2101**

Charles M. White, CPA  
Joseph A. Montgomery, CPA  
Stephanie A. Abell, CPA

Email charles.white@whitecpas.com

November 16, 2020

**MANAGEMENT LETTER**

Members of the Board of Education  
Pulaski County School District  
Somerset, Kentucky

In planning and performing our audit of the financial statements of Pulaski County School District for the year ended June 30, 2020, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our professional standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We feel that the District's financial statements are free of material misstatement. However, we offer the following suggestions that we feel will strengthen your organization's internal control structure.

**Prior Year Recommendations – District:**

2019-1 Prior Year Recommendation

During the 2019 audit, there were several instances of District credit card purchases occurring without the issuance of a purchase order beforehand. It is current District policy that all non-credit card transactions be approved through use of a purchase order prior to the purchase. We recommend that the requirement for a purchase order prior to a purchase be expanded to all transactions, non-credit card or otherwise.

Current Year Status and Recommendation

During the 2020 audit, there were several instances of District credit card purchases occurring without the issuance of a purchase order beforehand. It is current District policy that all transactions be approved through use of a purchase order prior to the purchase. We recommend that the requirement for a purchase order prior to a purchase, card or otherwise, be reiterated to all staff within the District.

Management Response:

We will remind all staff of our purchasing controls and monitor this more closely moving forward.

2019-2 Prior Year Recommendation

During the 2019 audit, there were several instances where travel reimbursements were paid from an incorrect program. We recommend that allocations be monitored more closely by coordinators, specifically, those related to areas such as allowable trainings and corresponding travel.

Current Year Status and Recommendation

No instances were noted during the 2020 audit.

## **Prior Year Recommendations – School Activity Funds:**

### **2018-3 Prior Year Recommendation**

During the 2018 audit, one instance was found at Pulaski County High of purchase orders approved after the charge was incurred. We recommend that all disbursements be supported by a purchase order that has been properly approved prior to the date the charge is incurred in accordance with Redbook policies and procedures.

During the 2019 audit, one instance was found at Pulaski County High and one instance at Northern Middle of purchase orders approved after the charge was incurred. We recommend that the requirement for a purchase order prior to a purchase be stressed to all school employees.

### **Current Year Status and Recommendation**

No instances were noted during the 2020 audit.

### **2019-1 Prior Year Recommendation**

During the 2019 audit, there was one instance at Pulaski Elementary where the invoice well exceeded the purchase order with no secondary approval given beforehand. We recommend that all purchases be within the approved amount on the purchase order and any additional purchases be approved by submitting a new purchase order prior to the purchase being made.

### **Current Year Status and Recommendation**

No instances were noted during the 2020 audit.

### **2019-2 Prior Year Recommendation**

During the 2019 audit, there was one instance at Southern Elementary where the bookkeeper failed to sign the Multiple Receipt Form. The bookkeeper's signature verifies that the amount received agrees to the Multiple Receipt Form. We recommend that before a deposit is taken to the bank, all verification signatures are present on the corresponding form(s).

### **Current Year Status and Recommendation**

During the 2020 audit, there was one instance at Pulaski Elementary and one at Nancy Elementary, where the bookkeeper failed to sign the Receipt Form being used. The bookkeeper's signature verifies that the amount received agrees to the applicable Receipt Form. We recommend that before a deposit is taken to the bank, all verification signatures are present on the corresponding form(s).

### **Management Response:**

We will reiterate the importance of the bookkeeper's review of all receipts and the requirements to sign all receipt forms once they have been reviewed.

### **2019-3 Prior Year Recommendation**

During the 2019 audit, there was one instance at Eubank Elementary when the Multiple Receipt Form lacked supporting detail of the cash that was collected. Rather than listing each individual that purchased fundraiser items and the amount of cash used, there was only a total listed. We recommend that when remitting funds, a detail of each transaction be recorded on the multiple receipt form to serve as a ledger for amounts received. This allows the bookkeeper to properly reconcile amounts received to amounts recorded.



### Current Year Status and Recommendation

During the 2020 audit, there was one instance at Nancy Elementary when the Multiple Receipt Form lacked supporting detail of the cash that was collected. Rather than listing each individual that purchased fundraiser items and the amount of cash used, there was only a total listed. We recommend that when remitting funds, a detail of each transaction be recorded on the multiple receipt form to serve as a ledger for amounts received. This allows the bookkeeper to properly reconcile amounts received to amounts recorded.

### Management Response:

We will stress the importance of correctly filling out Multiple Receipt Forms with all school staff/sponsors.

### **Current Year Recommendation - District:**

#### 2020-1 Current Year Recommendation:

During the 2020 audit, it was noted that no administrative employee time records were approved by a supervisor. We recommend that one or multiple individuals in a supervisory position review all administrative time records to ensure they are working a schedule on par with their contracted rates and that their hours are reasonable.

#### Management Response:

This was one of our former Assistant Superintendent's job duties. This individual was replaced at the start of the 2020 fiscal year and this internal control was not properly relayed during the transition. The current Assistant Superintendent has since been notified of his responsibilities.

### **Current Year Recommendations – School Activity Funds:**

#### 2020-2 Current Year Recommendation:

During the 2020 audit, there was one instance noted at Southern Elementary and one noted at Pulaski Elementary of the Report of Ticket Sales form being incomplete. Specifically, signatures of either the school bookkeeper, ticket taker, or person in charge of sales were missing from the forms. Additionally, several boxes within the form directly related to the computation of the total receipts were left blank. We recommend that all staff/sponsors be taught the proper way to complete this form as stated within Redbook requirements.

#### Management Response:

We will provide Redbook training to all schools within the District. This form will be covered during this training.

#### 2020-3 Current Year Recommendation:

During the 2020 audit, two instances was noted at Shopville Elementary of a fundraiser occurring without the issuance of a fundraiser approval form prior to the start. We recommend that all fundraisers be formally approved through the use of a fundraiser approval form, as required by Redbook.

#### Management Response:

We will provide Redbook training to all schools within the District. This form will be covered during this training.

We would like to offer our assistance throughout the year if and when new or unusual situations arise. Our awareness of new developments when they occur would help to ensure that the District is complying with requirements such as those mentioned above.

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

**WHITE AND COMPANY, P.S.C.**  
**Certified Public Accountants**  
**219 South Proctor Knott Avenue**  
**Lebanon, Kentucky 40033**  
**(270) 692-2102**  
**Fax (270) 692-2101**

Charles M. White, CPA  
Joseph A. Montgomery, CPA  
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 16, 2020

Members of the Board of Education  
Pulaski County School District  
Somerset, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pulaski County School District for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters:

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Pulaski County School District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by Pulaski County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the sick leave liability is based on current pay rates and those currently eligible for retirement. We evaluated the key factors and assumptions used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management had corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 16, 2020.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Pulaski County School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were not such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Pulaski County School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the budgetary comparison information on pages 54 and 55, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 56-57 and 60-62, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 58-59 and 63-65, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Members of the Board of Education and management of Pulaski County School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

## **APPENDIX C**

**Pulaski County School District Finance Corporation  
School Building Refunding Revenue Bonds  
Taxable Series of 2021**

---

---

**Continuing Disclosure Agreement**

## CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 7th day of April, 2021, by and between the Board of Education of Pulaski County, Kentucky School District ("Board"); the Pulaski County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

### WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$2,635,000 of the Corporation's School Building Refunding Revenue Bonds, Taxable Series of 2021, dated as of April 7, 2021 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

### 1. ANNUAL FINANCIAL INFORMATION

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

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

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

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

## **2. MATERIAL EVENTS NOTICES**

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

- (1) Principal/interest payment delinquency;
- (2) Nonpayment related default, if material;
- (3) Unscheduled draw on debt service reserve reflecting financial difficulties;
- (4) Unscheduled draw on credit enhancement reflecting financial difficulties;
- (5) Substitution of credit or liquidity provider, or its failure to perform;
- (6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond call, if material and tender offers;
- (9) Defeasance;
- (10) Release, substitution or sale of property securing the repayment of the security, if material;
- (11) Rating change;
- (12) Merger, consolidation, acquisition or sale of all or substantially all assets of an obligated person, other than in the ordinary course of business, and the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such action, other than pursuant to its terms, if material;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) Successor, additional or change in trustee, if material;
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and;
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

- (A) Debt obligation;



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

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

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

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

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

### **3. SPECIAL REQUESTS FOR INFORMATION**

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

### **4. DISCLAIMER OF LIABILITY**

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

### **5. FINAL OFFICIAL STATEMENT**

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

### **6. DURATION OF THE AGREEMENT**

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

### **7. AMENDMENT; WAIVER**

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

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

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

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

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

## 8. DEFAULT

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

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

**BOARD OF EDUCATION OF  
PULASKI COUNTY, KENTUCKY  
SCHOOL DISTRICT**

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

**PULASKI COUNTY SCHOOL  
DISTRICT FINANCE CORPORATION**

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

**APPENDIX D**

**Pulaski County School District Finance Corporation  
School Building Refunding Revenue Bonds  
Taxable Series of 2021**

---

**Official Terms and Conditions of Bond Sale**

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**\$2,635,000\***

**Pulaski County School District Finance Corporation  
School Building Refunding Revenue Bonds, Taxable Series of 2021  
Dated as of April 7, 2021**

**SALE: March 17, 2021 AT 11:00 A.M., E.S.T.**

As published on PARITY®, a nationally recognized electronic bidding system, the Pulaski County School District Finance Corporation (the "Corporation") will until 11:00 A.M., E.D.S.T., on March 17, 2021 receive at the office of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, competitive bids for the purchase of \$2,635,000 principal amount of Pulaski County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable Series of 2021 (the "Refunding Bonds"), dated and bearing interest from April 7, 2021, payable on August 1, 2021, and semi-annually thereafter on February 1 and August 1 of each year, in denominations in multiples of \$5,000 within the same maturity, maturing on February 1 in each of the years as follows:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT*</u>
2022	\$115,000
2023	105,000
2024	105,000
2025	115,000
2026	115,000
2027	115,000
2028	120,000
2029	130,000
2030	555,000
2031	570,000
2032	590,000

\* Subject to Permitted Adjustment as described herein.

**REDEMPTION PROVISIONS**

The Bonds maturing on or after February 1, 2030 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2029, in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

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

The Refunding Bonds are to be issued in fully registered form (both principal and interest). The Citizens National Bank of Somerset, Somerset, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of record as of the 15th day of the month preceding the due date which shall be Cede & Co., as the Nominee of The Depository Trust Company ("DTC"). Please see "Book-Entry-Only-System" below.

**PULASKI COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a

non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of the Pulaski County, Kentucky School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of *White v. City of Middlesboro*, Ky. 414 S.W.2d 569.

### **AUTHORITY AND PURPOSE**

The Refunding Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.120 through 162.300, 162.385, and Section 58.180 of the Kentucky Revised Statutes, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of *Hemlepp v. Aronberg*, 369 S.W.2d 121, for the purpose of providing funds to retire the outstanding Pulaski County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated January 1, 2012 maturing January 1, 2022 and thereafter (the "Refunded Bonds") at or prior to their stated maturities on January 1, 2022.

### **ADDITIONAL PARITY BONDS**

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Projects and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications of the architect in charge of said Projects, which plans have been completed, approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation.

### **PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUE**

The Refunded Bonds were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance renovations at Pulaski County High School (the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the Project to the Board under a Contract, Lease and Option, dated January 1, 2012 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is \$2,495,000, scheduled to mature on January 1 in each of the years 2022 through 2032. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire on January 1, 2022 all of the Refunded Bonds

The 2021 Bond Resolution adopted by the Corporation's Board of Directors authorizes the payment and retirement of the Refunded Bonds including principal and accruing interest at or prior to their stated maturities through the deposit of the required amount of proceeds of the Refunding Bonds in the Bond and Interest Redemption Fund established for the Refunded Bonds or in a special Escrow Fund for application to the retirement of the Refunded Bonds.

The 2021 Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph neither the lien upon nor the pledge of the revenues from the rental of the Project under the Prior Lease shall constitute the security and source of payment for any of the Refunded Bonds and the Registered Owners of such Refunded Bonds shall be paid from and secured by the monies deposited in the Bond and Interest Redemption Fund established for the Refunded Bonds or in Escrow Fund for the retirement thereof upon the delivery of the Refunding Bonds.

### **SECURITY FOR REFUNDING BONDS**

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project financed from the proceeds of the Refunded Bonds. The Refunding Bonds are secured by a lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Lease Agreement dated April 7, 2021 (the "2021 Lease");

provided, however, that said lien and pledge are on parity with similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds previously issued to improve or refinance the Project (the "Parity Bonds").

Under the 2021 Lease the Board has leased the school property securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from April 7, 2021 through June 30, 2021, with the option in the Board to renew said 2021 Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rentals due under the 2021 Lease, the principal and interest on all of the Refunding Bonds as same become due.

The 2021 Lease provides that the Prior Lease will be canceled effective upon the deposit of sufficient funds to provide for the retirement of the Refunded Bonds. The 2021 Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the 2021 Lease until February 1, 2032, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

Under the terms of the 2021 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2021 Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the 2021 Lease to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

#### **BIDDING CONDITIONS AND RESTRICTIONS**

(A) The terms and conditions of the sale of the Refunding Bonds are as follows:

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

(2) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(3) The bid shall be not less than \$2,608,650 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$2,635,000 principal amount of Refunding Bonds offered for sale under the terms

and conditions herein specified; provided, however, the Corporation reserves the right to increase or decrease the total principal amount of Refunding Bonds sold to such best bidder, in the amount of not exceeding \$265,000, with such increase or decrease to be made in any maturity, and the total amount of Refunding Bonds awarded to such best bidder will be a minimum of \$2,370,000 or a maximum of \$2,900,000. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per \$5,000 of Refunding Bonds as the price per \$5,000 for the \$2,635,000 of Refunding Bonds bid.

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

(6) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds actually awarded to the Paying Agent The Citizens National Bank of Somerset, Somerset, Kentucky, Attn: Ms. Julie Raines, AVP (606-679-6341) by the close of business on the day following the award as a good faith deposit said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

(7) All Refunding Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(8) The right to reject bids for any reason deemed acceptable by the Corporation, and the right to waive any possible informalities or irregularities in any bid, which in the sole judgment of the Corporation shall be minor or immaterial, is expressly reserved.

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

(B) The Bonds will be delivered utilizing the DTC Book-Entry-Only-System.

(C) Said Bonds are offered for sale on the basis of the principal of said Bonds not being subject to Kentucky ad valorem taxation and on the basis of the interest on said Bonds being subject to Federal taxation but not Kentucky income taxation on the date of their delivery to the successful bidder. See TAX STATUS below.

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

(E) If, prior to the delivery of the Bonds, any event should occur which alters the tax status of the Bonds, or of the interest thereon, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Corporation, whereupon the good faith check of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

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

## STATE SUPPORT OF EDUCATION

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

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

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

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

KRS 157.440(1) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of \$.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 157.440(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

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

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



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

## **BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022**

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

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

Due to the unforeseen nature on the economy of the Commonwealth caused by the COVID-19 pandemic, in its 2020 regular session, the General Assembly adopted only a one-year budget for the biennial period ending June 30, 2022 which was approved and signed by the Governor. The biennial budget will be reviewed and supplemented during the General Assembly's 2021 regular session. Such budget became effective beginning July 1, 2020. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at [www.osbd.ky.gov](http://www.osbd.ky.gov).

## **POTENTIAL LEGISLATION**

No assurance can be given that any future legislation, will not cause interest on the Refunding Bonds to be subject, directly or indirectly, to state income taxation. Further, no assurance can be given that the introduction or enactment of any such future legislation, will not affect the market price for the Refunding Bonds.

## **CONTINUING DISCLOSURE**

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

Financial information regarding the Board may be obtained from Superintendent, Pulaski County Board of Education, 925 N. Main, Somerset, Kentucky 42503 (606) 679-1123.

## **TAX STATUS**

Bond Counsel advises as follows:

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

(B) The interest income from the Refunding Bonds is includable in the gross income of the recipient thereof for Federal income tax purposes under existing law.

## BOOK-ENTRY-ONLY-SYSTEM

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

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

NEITHER THE ISSUER, THE BOARD NOR THE BOND REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

**PULASKI COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

By /s/ Patrick Richardson  
Secretary

**APPENDIX E**

**Pulaski County School District Finance Corporation  
School Building Refunding Revenue Bonds  
Taxable Series of 2021**

---

**Official Bid Form**

**OFFICIAL BID FORM  
(Bond Purchase Agreement)**

The Pulaski County School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.D.S.T., on March 17, 2021, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, (telephone 502-564-5582; Fax 888-979-6152) competitive bids for its \$2,635,000 School Building Refunding Revenue Bonds, Taxable Series of 2021, dated as of April 7, 2021; maturing February 1, 2022 through 2032 ("Bonds").

We hereby bid for said \$2,635,000\* principal amount of Bonds, the total sum of \$\_\_\_\_\_ (not less than \$2,608,650) plus accrued interest from April 7, 2021 payable August 1, 2021 and semiannually thereafter (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on February 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2022	\$115,000	_____ %
2023	105,000	_____ %
2024	105,000	_____ %
2025	115,000	_____ %
2026	115,000	_____ %
2027	115,000	_____ %
2028	120,000	_____ %
2029	130,000	_____ %
2030	555,000	_____ %
2031	570,000	_____ %
2032	590,000	_____ %

\* Subject to Permitted Adjustment up to \$265,000

We understand this bid may be accepted for as much as \$2,900,000 of Bonds or as little as \$2,370,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the Secretary of the Corporation at the time of acceptance of the best bid.

Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102.

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

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through The Citizens National Bank of Somerset, Somerset, Kentucky, Attn: Ms. Julie Raines, AVP (606-679-6341).

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about April 7, 2021 and upon acceptance by the Issuer's Financial Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

\_\_\_\_\_  
Bidder

By \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Address

Total interest cost from April 7, 2021 to final maturity \$ \_\_\_\_\_  
 Plus discount or less any premium \$ \_\_\_\_\_  
 Net interest cost (Total interest cost plus discount or less any premium) \$ \_\_\_\_\_  
 Average interest rate or cost (ie NIC) \_\_\_\_\_%

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

Accepted by RSA Advisors, LLC, as Agent for the Pulaski County School District Finance Corporation for \$ \_\_\_\_\_ amount of Bonds at a price of \$ \_\_\_\_\_ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2022	_____,000	_____%	2028	_____,000	_____%
2023	_____,000	_____%	2029	_____,000	_____%
2024	_____,000	_____%	2030	_____,000	_____%
2025	_____,000	_____%	2031	_____,000	_____%
2026	_____,000	_____%	2032	_____,000	_____%
2027	_____,000	_____%			

Dated: March 17, 2021

\_\_\_\_\_  
 RSA Advisors, LLC, Financial Advisor and  
 Agent for Pulaski County School District Finance Corporation

