PRELIMINARY OFFICIAL STATEMENT

DATED AUGUST 11, 2021

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

RATING
Moody's: " "

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax, all subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky anFloydd political subdivisions thereof (see "Tax Exemption" herein).

$4,360,000*
PERRY COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES OF 2021

Dated with Delivery: SEPTEMBER 9, 2021 **Due: as shown below**

Interest on the Bonds is payable each December 1 and June 1, beginning December 1, 2021. The Bonds will mature as to principal on December 1, 2021 and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of $5,000 and integral multiples thereof.

Maturing 1-Dec	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Dec	Amount*	Interest Rate	Reoffering Yield	CUSIP
2021	$375,000	%	%		2027	$400,000	%	%	
2022	$370,000	%	%		2028	$410,000	%	%	
2023	$375,000	%	%		2029	$415,000	%	%	
2024	$380,000	%	%		2030	$425,000	%	%	
2025	$385,000	%	%		2031	$435,000	%	%	
2026	$390,000	%	%						

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 Perry 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 Perry County Board of Education.

The Perry County (Kentucky) School District Finance Corporation will until August 19, 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 $435,000.**

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.

RSA advisors

PERRY COUNTY, KENTUCKY
BOARD OF EDUCATION

Denny Ray Combs, Chairman
Richy Miller, Member
Lloyd Engle, Member
Berl Hurt, Member
Johnny Feltner, Member

Jonathan Jett, Superintendent
Denise Pratt, Secretary

PERRY COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

Denny Ray Combs, President
Richy Miller, Member
Lloyd Engle, Member
Berl Hurt, Member
Johnny Feltner, Member

Denise Pratt, Secretary
Jody Maggard, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

Peoples Bank & Trust Company
Hazard, 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 Perry County School District Finance Corporation School Building Refunding Revenue Bonds, 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.

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OFFICIAL STATEMENT
Relating to the Issuance of

$4,360,000*

PERRY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
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 Perry County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Series of 2021 (the "Bonds").

The Bonds are being issued to (i) pay the accrued interest and refund at or in advance of maturity on December 1, 2021 the outstanding Perry County School District Finance Corporation School Building Revenue Bonds, Second Series of 2011, dated December 1, 2011 (the "2011B Bonds") maturing December 1, 2021, and thereafter ; (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 Perry 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 Perry 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 Perry 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, the Participation Agreement and the Lease Agreement, dated September 9, 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.

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into an Adjusted Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately $376,036 to be applied to the debt service of the Refunding Bonds through December 1, 2031; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the budget period of the Commonwealth, with the first such budget period terminating on June 30, 2022.

The General Assembly of the Commonwealth adopted the State's Budget for the biennium ending June 30, 2020. Inter alia, the Budget provides $129,504,400 in FY 2018-19 and $128,672,400 in FY 2019-20 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:

Biennium	Appropriation
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	2,946,900
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 was 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.

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2011-QSCB	$13,300,000	$13,300,000	$9,077,673	$4,222,327	5.000%	2030
2011B	$6,745,000	$4,210,000	$1,001,808	$5,743,192	2.125% - 3.250%	2031
2012-REF	$3,360,000	$1,025,000	$2,428,764	$931,236	2.000% - 2.250%	2024
2012	$6,635,000	$4,835,000	$6,635,000	$0	2.500% - 3.000%	2032
2016	$22,030,000	$18,445,000	$9,723,440	$12,306,560	2.000% - 3.125%	2036
2016-REF	$2,155,000	$1,105,000	$679,198	$1,475,802	2.000% - 2.250%	2026
2018 Energy	$6,750,000	$6,605,000	$6,750,000	$0	2.300% - 3.750%	2039
2020-REF	$1,355,000	$1,255,000	$1,355,000	$0	2.000%	2031
TOTALS:	$62,330,000	$50,780,000	$37,650,883	$24,679,117		

AUTHORITY

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

i) the issuance of approximately $4,360,000 of Bonds subject to a permitted adjustment of $435,000;

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 September 9, 2021, will bear interest from that date as described herein, payable semi-annually on December 1 and June 1 of each year, commencing December 1, 2021, and will mature as to principal on December 1, 2021 and each December 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). Peoples Bank & Trust Company, Hazard, 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 December 1 and June 1 of each year, beginning December 1, 2021 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after December 1, 2030, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after December 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.

Redemption Date	Redemption Price
December 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 school building 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 school building 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(s) which constitute the Project.

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from September 9, 2021 through June 30, 2022 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 December 1, 2031, 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 and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately $376,036 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. The plan for refinancing the Project will require the Commission to pay approximately eighty-eight percent (88%) of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2022. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods until the Bonds are retired, but the Commission is not required to do so.

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 accrued interest and maturing principal and refund at or in advance of maturity on December 1, 2021 the outstanding Perry County School District Finance Corporation School Building Revenue Bonds, Second Series of 2011, dated December 1, 2011 (the "2011B Bonds") maturing December 1, 2021 and thereafter (collectively, 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 Perry 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 financing construction of the new Dennis Wooten Elementary School (the "Project").

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet approximately 12% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	-- Series 2021 Refunding Revenue Bonds -- Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	Total Local Bond Payments
2022	$2,251,118	$375,000	$26,382	$401,382	$376,037	$25,345	$2,218,968
2023	$2,317,834	$370,000	$35,343	$405,343	$376,036	$29,307	$2,286,729
2024	$2,335,134	$375,000	$34,038	$409,038	$376,036	$33,001	$2,300,712
2025	$2,213,032	$380,000	$32,338	$412,338	$376,036	$36,302	$2,180,797
2026	$2,238,387	$385,000	$30,136	$415,136	$376,036	$39,101	$2,204,063
2027	$2,257,105	$390,000	$27,325	$417,325	$376,035	$41,290	$2,226,070
2028	$2,279,641	$400,000	$23,865	$423,865	$376,036	$47,829	$2,246,696
2029	$2,311,161	$410,000	$19,710	$429,710	$376,036	$53,674	$2,281,341
2030	$2,320,947	$415,000	$14,965	$429,965	$376,036	$53,929	$2,289,537
2031	$2,321,640	$425,000	$9,500	$434,500	$376,037	$58,463	$2,288,796
2032	$2,387,443	$435,000	$3,263	$438,263	$314,689	$123,574	$2,353,149
2033	$1,838,351						$1,838,351
2034	$1,657,652						$1,657,652
2035	$1,619,376						$1,619,376
2036	$1,587,815						$1,587,815
2037	$662,000						$662,000
2038	$689,875						$689,875
2039	$715,875						$715,875
TOTALS:	$34,004,387	$4,360,000	$256,863	$4,616,863	$4,075,048	$541,815	$33,647,803

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:

Sources:	
Par Amount of Bonds	$4,360,000.00
Total Sources	$4,360,000.00
Uses:	
Deposit to Prior Bond Fund	$4,271,610.00
Underwriter's Discount (1%)	43,600.00
Cost of Issuance	44,790.00
Total Uses	$4,360,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	4,226.4	2010-11	3,656.1
2001-02	4,039.1	2011-12	3,695.7
2002-03	4,019.0	2012-13	3,664.2
2003-04	4,026.8	2013-14	3,568.4
2004-05	4,021.6	2014-15	3,590.9
2005-06	3,851.6	2015-16	3,586.6
2006-07	3,893.3	2016-17	3,560.9
2007-08	3,831.3	2017-18	3,506.1
2008-09	3,726.6	2018-19	3,458.3
2009-10	3,696.4	2019-20	3,359.6
		2020-21	3,359.6

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 Perry County School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	422,640.0	2010-11	365,605.0
2001-02	403,910.0	2011-12	369,572.0
2002-03	401,900.0	2012-13	366,421.0
2003-04	402,680.0	2013-14	356,841.0
2004-05	402,160.0	2014-15	359,092.0
2005-06	385,160.0	2015-16	358,658.0
2006-07	389,330.0	2016-17	356,090.0
2007-08	383,130.0	2017-18	350,610.0
2008-09	372,655.0	2018-19	345,830.0
2009-10	369,639.0	2019-20	335,960.0
		2020-21	335,957.6

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 $40,500 effective January 1, 2021.

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

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

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

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

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	60.2	808,160,831	4,865,128
2001-02	59.3	823,768,952	4,884,950
2002-03	56.3	879,054,867	4,949,079
2003-04	56.3	958,817,080	5,398,140
2004-05	52.3	1,011,364,291	5,289,435
2005-06	49.8	1,170,516,080	5,829,170
2006-07	49.3	1,217,901,942	6,004,257
2007-08	49.8	1,370,903,229	6,827,098
2008-09	51.2	1,447,780,055	7,412,634
2009-10	51.2	1,590,682,843	8,144,296
2010-11	50.5	1,550,087,430	7,827,942
2011-12	55.2	1,552,962,890	8,572,355
2012-13	61	1,613,572,515	9,842,792
2013-14	57.4	1,605,046,928	9,212,969
2014-15	59.6	1,507,802,942	8,986,506
2015-16	64.6	1,532,084,572	9,897,266
2016-17	60.9	1,507,847,184	9,182,789
2017-18	54.5	1,215,289,842	6,623,330
2018-19	60.8	1,197,988,326	7,283,769
2019-20	66.1	1,170,086,593	7,734,272
2020-21	61.3	1,144,097,715	7,013,319

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Perry County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2021.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Perry			
General Obligation	17,950,626	4,436,792	13,513,834
Solid Waste Revenue	61,862,000	0	61,862,000
Improvement Project Revenue	4,600,000	1,767,449	2,832,551
Justice Center Renewable	1,910,000	1,565,000	345,000
Refunding Revenue	3,875,000	2,520,000	1,355,000
Vehicles Revenue	702,324	0	702,324
City of Hazard			
General Obligation	884,234	492,162	392,072
Water & Sewer Revenue	2,450,000	702,500	1,747,500
Improvement Project Revenue	4,243,000	461,700	3,781,300
Hospital Refunding Revenue	20,000,000	14,580,000	5,420,000
City of Vicco			
Multiple Purpose Revenue	625,000	217,803	407,197

Special Districts		
Perry County Library	3,915,000	3,510,000405,000
Perry County Sanitation District #1	240,000	103,500136,500
Totals:	123,257,184	30,356,90692,900,278

Source: 2021 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.

	Base Funding	Local Tax Effort	Total State & Local Funding
2020-21 SEEK	17,939,115	7,013,319	24,952,434
2019-20 SEEK	18,570,510	7,734,272	26,304,782
2018-19 SEEK	19,080,973	7,283,769	26,364,742
2017-18 SEEK	19,271,816	6,623,330	25,895,146
2016-17 SEEK	18,149,505	9,182,789	27,332,294
2015-16 SEEK	17,815,808	9,897,266	27,713,074
2014-15 SEEK	17,554,258	8,986,506	26,540,764
2013-14 SEEK	16,639,505	9,212,969	25,852,474
2012-13 SEEK	17,316,682	9,842,792	27,159,474
2011-12 SEEK	17,670,798	8,572,355	26,243,153
2010-11 SEEK	16,012,047	7,827,942	23,839,989
2009-10 SEEK	16,409,742	8,144,296	24,554,038
2008-09 SEEK	19,076,222	7,412,634	26,488,856
2007-08 SEEK	19,749,323	6,827,098	26,576,421
2006-07 SEEK	18,883,996	6,004,257	24,888,253
2005-06 SEEK	17,934,660	5,829,170	23,763,830
2004-05 SEEK	18,118,584	5,289,435	23,408,019
2003-04 SEEK	18,045,007	5,398,140	23,443,147
2002-03 SEEK	17,365,366	4,949,079	22,314,445
2001-02 SEEK	17,581,399	4,884,950	22,466,349
2000-01 SEEK	17,890,003	4,865,128	22,755,131

(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 $0.613 for FY 2020-21. 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.

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

Financial information regarding the Board may be obtained from Superintendent, Perry County Board of Education, 315 Park Avenue, Hazard, Kentucky 41701 Telephone (606) 439-5813.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and will not be a specific item of tax preference for purposes of calculating the Federal alternative minimum income tax.

(C)As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2021, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

The Corporation will provide the purchaser the customary no-litigation certificate, and the final approving Legal Opinions of Steptoe & Johnson PLLC, Bond Counsel and Special Tax Counsel, Louisville, Kentucky approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

Original Issue Premium

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

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") are being initially offered and sold to the public at a discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the "yield to maturity") and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest, that is, as excludible from gross income for federal income tax purposes.

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

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 Perry 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 Perry 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 Perry 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.

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

By /s/ ______________________
President

By /s/ ______________________
Secretary

APPENDIX A

Perry County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2021

Demographic and Economic Data

PERRY COUNTY, KENTUCKY

Hazard, the county seat of Perry County, is located in the Eastern Kentucky Coal Field. Hazard is located 117 miles southeast of Lexington, Kentucky; 155 miles north of Knoxville, Tennessee; 191 miles southeast of Louisville, Kentucky; and 188 miles southeast of Cincinnati, Ohio. The city's estimated 2020 population was 5,087.

Perry County, with a land area of 342 square miles, is made up of ridges and valleys occupying about equal portions of the landscape. Perry County had an estimated 2020 population of 25,613.

The Economic Framework

Perry County has a labor force of 9,654 people, with an unemployment rate of 6.9%. The top 5 jobs by occupation are as follows: office and administrative support - 1,610 (13.51%); sales - 1, 133 (9.51%); health diagnosing and treating practitioners - 999 (8.39%); executive, managers, and administrators - 982 (8.24%); and education, training/library - 761 (6.39%).

Transportation

Major highways directly serving hazard include Kentucky Highways 15, 80, and 476, all AA-rated (80,000-pound gross load limit) trucking highways. Two interchanges of the Daniel Boone Parkway are located within five miles of Hazard. Fourteen trucking companies provide interstate and/or intrastate service to Hazard. CSX Transportation provides mail line rail service to Hazard. The Wendell H. Ford Regional Airport, 10 miles north of Hazard, maintains a 5,000-foot paved runway. The nearest scheduled commercial airline services are located at Blue Grass Airport near Lexington, Kentucky, 121 miles northwest; and at Tri-State Airport near Huntington, West Virginia, 121 miles northeast of Hazard.

Power and Fuel

Electric power is provided to Hazard and Perry County by American Electric Power. The City of Hazard Gas Company provides natural gas service to Hazard.

Education

Primary and secondary education is provided by the hazard Independent School System, which is accredited by the Southern Association of Colleges and School, and the Perry County School System. Hazard Community College offers degrees in Associate of Arts, Associate in Science, Associate in Applied Science, Associate in Nursing, and Associate in Radiography. In addition, seven other colleges are located with 70 miles of Hazard. Vocational training is available locally at the Hazard Regional Technology Center. Three are technology centers are also located within 35 miles of Hazard

LOCAL GOVERNMENT

Structure

The City of Hazard is served by a mayor, four council members, and a city manager. Perry County is governed by a county judge/executive and three magistrates.

Planning and Zoning

City agency - City of Hazard Planning and Zoning Commission
Zoning enforced - Within city limits
Subdivision regulations enforced - Within city limits
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 Hazard levies a 1.25 percent occupational license tax on wages, salaries, and commissions of individuals and on net profits of businesses within the city. A franchise fee of 1.25 percent of gross sales is also levied.

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. A 15% reduction is automatically granted for accounts receivable.

LABOR MARKET STATISTICS

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

Population

Area	2018	2019	2020
Hazard	5,048	5,026	5,087
Perry County	26,259	26,040	25,613

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

Population Projections

Area	2025	2030	2035
Perry County	25,771	24,621	23,382

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

EDUCATION

Public Schools

	Hazard Independent	Perry County
Total Enrollment (2019-2020)	925	3,688
Pupil-Teacher Ratio (2019-2020)	14 - 1	17 - 1

Vocational Training

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

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

Bluegrass State Skills Corporation

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

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

Technical School	Location	Enrollment Fall 2018
Leslie Co. ATC	Hyden, KY	405
Knott Co. ATC	Hindman, KY	305
Letcher Co. ATC	Whitesburg, KY	547
Breathitt Co. ATC	Jackson, KY	528
Clay Co. ATC	Manchester, KY	367
Floyd Co. ATC	Martin, KY	255
Lee Co. ATC	Beattyville, KY	312
Millard ATC	Millard, KY	285
Bell Co. ATC	Pineville, KY	822
Knox Co. ATC	Barbourville, KY	470
Morgan Co. ATC	West Liberty, KY	514
Corbin ATC	Corbin, KY	418
Belfry ATC	Belfry, KY	566
Martin Co. ATC	Inez, KY	408

Colleges and Universities

Name	Location	Enrollment (Fall 2019)
Alice Lloyd College	Pippa Passes, KY	592
University of Pikeville	Pikeville, KY	2,318
Union College	Barbourville, KY	N/A
Hazard Community & Technical College	Hazard, KY	3,246
Southeast Community & Technical College	Cumberland, KY	3,503
Big Sandy Community & Technical College	Prestonsburg, KY	2,721

FINANCIAL INSTITUTIONS

Institution	Assets	Deposits
1st Trust Bank, Inc.	$253,183,000	$220,216,000
Peoples Bank & Trust Company	$240,904,000	$224,400,000

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

APPENDIX B

Perry County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2021

Audited Financial Statement ending June 30, 2020

PERRY COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND REPORT OF AUDIT

For the Year Ended June 30, 2020

PERRY COUNTY SCHOOL DISTRICT

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For the Year Ended June 30, 2020

PERRY COUNTY SCHOOL DISTRICT

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For the Year Ended June 30, 2020

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

INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of Perry County Board of Education
Hazard, 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 Perry County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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, and the audit requirements prescribed by the State Committee for School District Audits in the Kentucky Public School District's Audit Contract and Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Perry 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, the budgetary comparison information and pension/OPEB supplemental reporting referred to in the table of contents on pages 4–9 and pages 58-62 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 Perry County School District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic 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* (CFR) 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 non-major fund 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 non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of the Perry 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 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 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 Perry County School District's internal control over financial reporting and compliance.

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 16, 2020

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

As management of the Perry County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. This information should be considered in conjunction with the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

- The District's cash balance at June 30, 2020, including activity funds was $19,846,601. Of this amount, $8,080,069 is restricted in the construction and building fund accounts and $378,062 was school activity fund cash. The beginning cash balance at July 1, 2019 was $20,233,100 for which $11,821,812 was restricted for construction and building fund accounts and $291,955 was activity fund cash.

- Interest revenue totaled $362,394 for the year ended and for the prior year the total interest revenue was $301,704.

- The District's total long-term debt principal reductions were $2,872,529. No new debt service was issued during the fiscal year.

- For fiscal year ended June 30, 2020, total general fund revenue was $33,657,660 consisting primarily of state program (SEEK), property, utilities, and motor vehicle taxes. Excluding general fund transfers, there were $33,697,040 in general fund expenditures. General fund revenue and expenditures recognize $8,766,468 in state on-behalf payments.

- For fiscal year ended June 30, 2019, total general fund revenue was $34,815,192 consisting primarily of state program (SEEK), property, utilities, and motor vehicle taxes. Excluding general fund transfers, there were $32,701,291 in general fund expenditures. General fund revenue and expenditures recognize $8,483,006 in state on-behalf payments.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

Notes to the Financial Statements

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

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2020, assets exceeded liabilities by $18,150,298.

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

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

Net position for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
Current assets	22,402,431	26,762,604
Noncurrent assets	75,948,521	73,783,806
Deferred outflows of resources	4,032,439	3,533,695
Total assets and outflows of resources	102,383,391	104,080,105
Current liabilities	5,386,704	7,914,141
Noncurrent liabilities	74,696,587	76,709,948
Deferred inflows of resources	4,149,802	3,654,617
Total liabilities and inflows of resources	84,233,093	88,278,706
- Net position -		
Investment in capital assets (net of debt)	25,446,664	20,336,888
Restricted	11,544,145	11,550,451
Unrestricted (deficit)	(18,840,511)	(16,085,940)
Total net position	18,150,298	15,801,399
Total liabilities, deferred inflows of resources and net position	102,383,391	104,080,105

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2020

The following are significant current year transactions that impact the Statement of Net Position:

- Decrease in current assets primarily a result of use of $3,838,851 in prior year bond proceeds related to energy conservation construction.
- Decreases in current liabilities primarily is a result of decreases in accounts and interfund payables.
- Non-current liabilities reflect recognition of changes in unfunded pension liabilities and deferred inflows relative to GASB 68 and the effects of unfunded OPEB liabilities and deferred inflows under GASB 75.
- Changes in non-current assets reflect the recognition of $3,838,352 in construction in progress.
- Changes in non-current liabilities reflect reduction in long term financing in the amount of $2,872,529.

The following table presents a comparison of statement of activities for the fiscal years ended June 30, 2020 and 2019:

	For Year Ended June 30,	
Revenues:	2020	2019
Local revenue sources	8,186,908	9,307,817
State revenue sources	36,176,074	36,905,479
Federal revenue	10,080,786	9,642,014
Total revenues	54,443,768	55,855,310
Expenses:		
Instruction	29,511,028	28,594,883
Student support services	1,706,526	1,691,402
Instructional support	1,836,544	2,107,092
District administration	929,153	1,015,632
School administration	2,361,963	2,284,266
Business support	1,089,155	1,107,283
Plant operation	4,474,043	4,563,958
Student transportation	3,208,482	3,369,039
Food service operations	5,267,497	5,236,946
Community services	547,420	578,836
Day care operations	89,285	87,577
Interest on long-term debt	1,073,773	1,346,759
Total expenses	52,094,869	51,983,673
Change in net position	2,348,899	3,871,637

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2020

- Current year expense reflects governmental fund depreciation in the amount of $1,964,950. Prior year expense reflects governmental fund depreciation in the amount of $2,366,371.
- Local property tax comparisons at 2020 and 2019 are as follows: General property tax – $2,422,870 and $2,910,180; PSC property tax - $952,367 and $1,185,916; unmined minerals tax - $127,845 and $179,957; motor vehicle tax - $983,321 and $897,351 and utility tax revenue, $1,424,478 and $1,626,913.
- State revenue sources include adjustments for differences in actuarially determined pension expense and amounts actually contributed.
- SEEK program fiscal year end General Fund revenue was $18,234,552 for year ending June 30, 2020 and for 2019 was $18,735,142.
- Federal related expenditures per schedule of federal awards for year ended June 30, 2020 was $10,268,691 and for year ended June 30, 2019 was $8,718,320.

BUDGET COMPARISONS

The following table presents a comparison of budget to actual for the general fund for the fiscal year ended June 30, 2020:

	Budget 2020	Actual 2020	Variance I (D)
Revenues:			
Local revenue sources	6,495,000	6,439,068	(55,932)
State revenue sources	24,692,496	27,118,316	2,425,820
Federal revenue sources	50,000	100,276	50,276
Total revenues	31,237,496	33,657,660	2,420,164
Expenses:			
Instruction	18,794,879	19,957,808	(1,162,929)
Student support services	1,606,855	1,583,601	23,254
Instructional support	724,379	1,072,940	(348,561)
District administration	1,084,060	859,863	224,197
School administration	2,033,025	2,243,186	(210,161)
Business support	929,132	1,022,250	(93,118)
Plant operations and maintenance	4,408,275	3,917,543	490,732
Student transportation	2,710,415	2,554,851	155,564
Community services	16,056	16,540	(484)
Debt service	468,458	468,458	-
Contingencies	2,109,421	-	2,109,421
Total expenses	34,884,955	33,697,040	1,187,915
Excess (deficiency) of revenue over expenditures	(3,647,459)	(39,380)	3,608,079

- Actual revenues and expenditures reflect General Fund state on behalf payments in the amount of $8,766,468.

- Variances in Instruction and State Revenue is primarily the result of budgeted on-behalf, $6,299,000 and actual on-behalf, $8,766,468.

- Budgeted debt service includes payments made related to previous year KISTA bus purchases.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with $2,109,421 in contingency (6.03%) for the fiscal year ended June 30, 2020.

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

Questions regarding this report should be directed to the Superintendent or the Finance Officer at (606) 439-5813.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

At June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
- Current assets -			
Cash and cash equivalents - unrestricted	8,669,312	-	8,669,312
Cash and cash equivalents - restricted	8,080,069	2,719,158	10,799,227
Interfund receivable	749,064	-	749,064
Accounts receivable:			
Taxes - current	145,381	-	145,381
Taxes - delinquent	9,891	-	9,891
Other	513,679	-	513,679
Intergovernmental - state	55,955	-	55,955
Intergovernmental -indirect federal	812,967	579,746	1,392,713
Inventories	-	67,209	67,209
Total current assets	19,036,318	3,366,113	22,402,431
- Noncurrent assets -			
Capital assets - non-depreciable	15,485,291	-	15,485,291
Capital assets - depreciable (net)	60,217,425	148,010	60,365,435
Unamortized discounts on bonds payable	97,795	-	97,795
Total noncurrent assets	75,800,511	148,010	75,948,521
Deferred Outflows of Resources			
Deferred outflows - pension/OPEB resources	3,348,804	683,635	4,032,439
Total assets and deferred outflows of resources	98,185,633	4,197,758	102,383,391

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION (Continued)

At June 30, 2020

	Governmental Activities	Business-type Activities	Total
Liabilities:			
- Current liabilities -			
Interfund payable	749,064	-	749,064
Accounts payable	294,028	64,654	358,682
Current portion of sick leave payable	87,100	-	87,100
Current portion of bond/lease obligations	3,002,860	-	3,002,860
Current portion of KSBIT obligation	28,036	-	28,036
Interest payable	1,160,962	-	1,160,962
Total current liabilities	5,322,050	64,654	5,386,704
- Noncurrent liabilities -			
Long term portion of accrued sick leave payable	279,510	-	279,510
Unamortized premium on bonds payable	11,090	-	11,090
Noncurrent portion of bond/lease obligations	46,326,945	-	46,326,945
Net pension/OPEB liability	24,405,604	3,673,438	28,079,042
Total noncurrent liabilities	71,023,149	3,673,438	74,696,587
Total liabilities	76,345,199	3,738,092	80,083,291
Deferred inflows of resources - pension/OPEB related	3,640,255	509,547	4,149,802
Total deferred inflows of resources	3,640,255	509,547	4,149,802
Net position:			
Net investment in capital assets	25,298,654	148,010	25,446,664
Restricted for:			
Sick Leave	162,617	-	162,617
Other	8,080,069	3,301,459	11,381,528
Unrestricted (deficit)	(15,341,161)	(3,499,350)	(18,840,511)
Total net position	18,200,179	(49,881)	18,150,298
Total liabilities, deferred inflows of resources and net position	98,185,633	4,197,758	102,383,391

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

		Program Revenues		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
FUNCTIONS/PROGRAMS:				
- Governmental Activities -				
Instruction	29,511,028	-	(14,273,599)	-
Support services:				
Student	1,706,526	-	(490,847)	-
Instructional staff	1,836,544	-	(1,159,558)	-
District administration	929,153	-	(269,613)	-
School administration	2,361,963	-	(662,090)	-
Business support	1,089,155	-	(301,723)	-
Plant operation & management	4,474,043	-	(1,433,181)	-
Student transportation	3,208,482	-	(1,102,619)	-
Community services operations	547,420	-	(648,902)	-
Interest on long-term debt	1,073,773	-	-	-
Total governmental activities	46,738,087	-	(20,342,132)	-
- Business-type Activities -				
Food service	5,267,497	(161,962)	(5,840,672)	-
Day care	89,285	(86,630)	(17,550)	-
Total business-type activities	5,356,782	(248,592)	(5,858,222)	-
Total primary government	52,094,869	(248,592)	(26,200,354)	-

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES (continued)

For the Year Ended June 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
	(15,237,429)	-	(15,237,429)
	(1,215,679)	-	(1,215,679)
	(676,986)	-	(676,986)
	(659,540)	-	(659,540)
	(1,699,873)	-	(1,699,873)
	(787,432)	-	(787,432)
	(3,040,862)	-	(3,040,862)
	(2,105,863)	-	(2,105,863)
	101,482	-	101,482
	(1,073,773)	-	(1,073,773)
	(26,395,955)	-	(26,395,955)
	-	735,137	735,137
	-	14,895	14,895
	-	750,032	750,032
	(26,395,955)	750,032	(25,645,923)
General revenues:			
Taxes	7,264,287	-	7,264,287
Investment earnings	323,119	39,275	362,394
State and formula grants	20,056,506	-	20,056,506
Miscellaneous	311,635	-	311,635
Transfers in (out)	38,248	(38,248)	-
Total general revenues	27,993,795	1,027	27,994,822
Change in net position	1,597,840	751,059	2,348,899
Net position (deficit) - beginning of year - restated	16,602,339	(800,940)	15,801,399
Net position (deficit) - end of year	18,200,179	(49,881)	18,150,298

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

At June 30, 2020

	General Fund	Special Revenue	FSPK Fund	Gov't Funds	Governmental Funds
Assets:					
Cash and investments	8,669,312	-	-	-	8,669,312
Cash and cash equivalents - restricted	-	-	7,507,391	572,678	8,080,069
Interfund receivable	749,064	-	-	-	749,064
Accounts receivable:					
Taxes - current	145,381	-	-	-	145,381
Taxes - delinquent	9,891	-	-	-	9,891
Other	118,696	62,483	332,500	-	513,679
Intergovernmental - state	18,830	37,125	-	-	55,955
Intergovernmental - federal	-	812,967	-	-	812,967
Total assets	9,711,174	912,575	7,839,891	572,678	19,036,318
Liabilities:					
Interfund payable	-	749,064	-	-	749,064
Accounts payable	130,517	163,511	-	-	294,028
Unearned revenues - governmental sources	-	-	-	-	-
Total liabilities	130,517	912,575	-	-	1,043,092
Fund balances:					
Restricted for SFCC Escrow - prior	-	-	6,025,900	-	6,025,900
Restricted for SFCC Escrow - current	-	-	1,275,953	-	1,275,953
Restricted - other	-	-	538,038	-	538,038
Restricted for future construction	-	-	-	572,678	572,678
Restricted for sick leave	162,617	-	-	-	162,617
Unassigned fund balance	9,418,040	-	-	-	9,418,040
Total fund balances	9,580,657	-	7,839,891	572,678	17,993,226
Total liabilities and fund balances	9,711,174	912,575	7,839,891	572,678	19,036,318

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

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

At June 30, 2020

Total fund balance per fund financial statements	17,993,226
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but are reported in the statement of net position.	75,702,716
Deferred outflows - pension/OPEB resources are reported in government wide financial statements but not in fund financial statements.	3,348,804
Unamortized discounts on bonds payable are reported in government wide financial statement but not in fund financial statements.	97,795
Sick leave payable is not recognized in the fund financial statements.	(366,610)
Certain liabilities (such as bonds payable and KSBIT payable are not reported in this fund financial statement because they are not due and payable, and related interest and unamoritized premiums on bonds payable, but are presented in the government-wide financial statements.	(50,529,893)
Deferred inflows - pension/OPEB resources are reported in government wide financial statements but not in fund financial statements.	(3,640,255)
Net pension/OPEB obligations are not due and payable in the current period, and therefore, are not reported in the fund financial statements.	(24,405,604)
Net position for governmental activities	18,200,179

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

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

For the Year Ended June 30, 2020

	General Fund	Special Revenue	FSPK Fund	Other Gov't Funds	Total Gov't Funds
Revenues:					
From local sources:					
Taxes	6,094,201	-	1,170,086	-	7,264,287
Earnings on investments	323,119	-	-	-	323,119
Other local revenue	21,748	287,650	-	-	309,398
Intergovernmental - state	27,118,316	3,066,700	1,631,800	1,944,105	33,760,921
Intergovernmental - direct federal	100,276	65,062	-	-	165,338
Intergovernmental - indirect federal	-	4,638,640	-	-	4,638,640
Total revenues	33,657,660	8,058,052	2,801,886	1,944,105	46,461,703
Expenditures:					
Instructional	19,957,808	6,472,524	-	-	26,430,332
Student support services	1,583,601	18,096	-	-	1,601,697
Staff support services	1,072,940	650,789	-	-	1,723,729
District administration	859,863	12,214	-	-	872,077
School administration	2,243,186	-	-	-	2,243,186
Business support	1,022,250	-	-	-	1,022,250
Plant operations and maintenance	3,917,543	213,792	-	-	4,131,335
Student transportation	2,554,851	269,110	-	-	2,823,961
Community service activities	16,540	497,253	-	-	513,793
Facilities acquisition and construction	-	-	-	3,838,351	3,838,351
Debt service costs	-				
Principal	189,725	-	-	2,682,804	2,872,529
Interest	278,733	-	-	856,691	1,135,424
Total expenditures	33,697,040	8,133,778	-	7,377,846	49,208,664
Excess (deficit) of revenues over expenditures	(39,380)	(75,726)	2,801,886	(5,433,741)	(2,746,961)
Other financing sources (uses):					
Operating transfers in	374,206	75,551	-	1,931,348	2,381,105
Operating transfers out	(75,551)	-	(1,931,348)	(335,958)	(2,342,857)
Gains (losses) on assets	2,062	175	-	-	2,237
Total other financing sources (uses)	300,717	75,726	(1,931,348)	1,595,390	40,485
Changes in fund balance	261,337	-	870,538	(3,838,351)	(2,706,476)
Fund balance - July 1, 2019	9,319,320	-	6,969,353	4,411,029	20,699,702
Fund balance - June 30, 2020	9,580,657	-	7,839,891	572,678	17,993,226

See notes to financial statements.

PERRY 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

Net change in total fund balances per fund financial statements	(2,706,476)
Amounts reported for governmental activities in the statement of activities differences:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as deprecation expense.	
Captial outlays are reported in fund financial statements	4,147,413
Depreciation is recorded in government wide financial statements	(1,964,950)
Interest expense on long-term debt is recognized in the fund financial statements when paid and accrued in the government wide financial statements of activities.	71,760
Accrued sick leave is recognized when incurred in the fund financial statements.	33,001
Recognition of premiums and amortization expense on bonded debt is not included in the fund financial statements.	(10,109)
Bond principal payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of net position.	2,872,529
Payments on other long term financing, KSBIT, are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of net position.	28,037
Governmental funds report district pension/OPEB contributions as expenditures. However, in the statement of activities, the cost of these benefits earned net of employee contributions is reported as pension/OPEB expense.	(873,365)
Change in net position of governmental activities	1,597,840

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

At June 30, 2020

	Food Service Fund	Day Care Fund	Total
Assets:			
- Current Assets -			
Cash and cash equivalents - restricted	2,715,788	3,370	2,719,158
Accounts receivable	560,769	18,977	579,746
Inventories	67,209	-	67,209
Total current assets	3,343,766	22,347	3,366,113
- Noncurrent Assets -			
Depreciable capital assets - net	148,010	-	148,010
Total assets	3,491,776	22,347	3,514,123
Deferred Outflows of Resources			
Deferred outflows - pension/OPEB resources	683,635	-	683,635
Total assets and deferred outflow of resources	4,175,411	22,347	4,197,758
Liabilities:			
- Current Liabilities -			
Accounts payable	64,654	-	64,654
Total current liabilities	64,654	-	64,654
- Noncurrent liabilities -			
Unfunded pension liability	2,964,632	-	2,964,632
Unfunded OPEB liability	708,806	-	708,806
Total non-current liabilities	3,673,438	-	3,673,438
Total liabilities	3,738,092	-	3,738,092
Deferred Inflows of Resources			
Deferred inflows - pension/OPEB resources	509,547	-	509,547
Total liabilities and deferred inflow of resources	4,247,639	-	4,247,639
Net position:			
Net investment in capital assets	148,010	-	148,010
Unrestricted Net Position (Deficit)	(3,499,350)	-	(3,499,350)
Restricted - other	3,279,112	22,347	3,301,459
Total net position (deficit)	(72,228)	22,347	(49,881)
Total liabilities, deferred inflow of resources and net position	4,175,411	22,347	4,197,758

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

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

For the Year Ended June 30, 2020

	Food Service Fund	Day Care Fund	Total
Operating revenues:			
Revenues from local sources	161,962	-	161,962
Federal grants	5,276,808	-	5,276,808
State grants/on-behalf payments	349,103	17,550	366,653
Donated commodities	214,761	-	214,761
Tuition from individuals	-	86,630	86,630
Total operating revenues	6,002,634	104,180	6,106,814
Operating expense:			
Salaries and wages	1,980,302	87,529	2,067,831
Contract services	173,524	713	174,237
Materials and supplies	3,057,781	1,043	3,058,824
Depreciation	55,890	-	55,890
Total operating expenses	5,267,497	89,285	5,356,782
Operating income (loss)	735,137	14,895	750,032
Nonoperating Revenue/(Expense):			
Interest income	39,275	-	39,275
Fund transfer	(38,248)	-	(38,248)
Total nonoperating revenue/(expense)	1,027	-	1,027
Change in net position	736,164	14,895	751,059
Net Position (Deficit), July 1, 2019 - restated	(808,392)	7,452	(800,940)
Net Position (Deficit), June 30, 2020	(72,228)	22,347	(49,881)

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Food Service Fund	Day Care Fund	Total
Cash flows from operating activities:			
Cash received from:			
Lunchroom sales	161,962	-	161,962
Federal and State grants	5,298,466	-	5,298,466
Tuition from individuals	-	100,468	100,468
Cash paid to/for:			
Employees	(1,561,242)	(95,342)	(1,656,584)
Supplies/Contractual	(2,997,753)	(1,756)	(2,999,509)
Net cash provided (used) by operating activities	901,433	3,370	904,803
Cash flows from capital and related financing activities:			
Change in capital assets (net)	(49,024)	-	(49,024)
Cash flows from investing activities:			
Interest income	39,275	-	39,275
Cash flows from financing activities:			
Transfers from (to) other funds	(38,248)	-	(38,248)
Net increase (decrease) in cash	853,436	3,370	856,806
Cash, beginning of year	1,862,352	-	1,862,352
Cash, end of year	2,715,788	3,370	2,719,158
Reconciliation of operating income (loss) to net cash provided (used) by operations:			
Operating income (loss)	735,137	14,895	750,032
Adjustments to reconcile operating income to cash provided (used) by operating activities:			
Depreciation	55,890	-	55,890
(Increase) decrease in deferred outflows - pension/OPEB resources	(39,574)	-	(39,574)
Increase (decrease) in deferred inflows - pension/OPEB resources	(57,343)	-	(57,343)
Increase (decrease) in net pension/OPEB liability	223,134	-	223,134
Changes in current assets/liabilities			
Accounts receivable	(34,602)	(3,712)	(38,314)
Accounts payable/interfund payable	18,791	(7,813)	10,978
Net cash provided (used) by operating activities	901,433	3,370	904,803

The schedule reflects reconciliation for $292,842 of non-cash on-behalf payments from the State related to personnel costs and $214,761 related to donated commodities.

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION – ACTIVITY FUNDS

At June 30, 2020

Assets:	
Cash and cash equivalents	378,062
Accounts receivable	3,365
Total assets	381,427
Liabilities:	
Accounts payable	4,079
Due to individual student activity account funds	377,348
Total liabilities	381,427
Net Postion:	
Restricted - student activities	-
Total liabilities and net position	381,427

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Perry County School District Finance Corporation – On July 12, 1988, the Perry County, Kentucky, Board of Education resolved to authorize the establishment of the Perry County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Perry County Board of Education also comprise the Corporations' Board of Directors.

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.

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

Basis of Presentation

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.

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 position. 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.

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

Basis of Presentation (continued)

The District has the following funds:

I. Governmental Fund Types

(A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

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

(C) The District Wide Activity fund, a special revenue fund when utilitized, accounts for student activities on a district wide basis primarily for instruction and instructional staff support service purposes.

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

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

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

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

Basis of Presentation (continued)

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

II. Proprietary Funds (Enterprise Funds)

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

The Childcare Fund accounts for revenues and expenditures related to daycare services and preschool activities.

III. Fiduciary Fund Types (includes agency and trust funds)

The Activity Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Accounting Procedures for Kentucky School Activity Funds.

Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements,

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

Basis of Accounting (continued)

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.

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

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

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2020, to finance the General Fund operations were \$.548 per \$100 valuation for real property, \$.548 per \$100 valuation for business personal property and \$.497 per \$100 valuation for motor vehicles.

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

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

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

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars for tangible property and real property. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

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

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

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

Interfund Balances and Activity

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Accumulated Unpaid Sick Leave Benefits

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

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

Compensated absence liabilities are recorded based on balances for classified and certified employees with twenty-seven or more years of experience at June 30, 2020.

The District has restricted $162,617 of its fund balance for future sick leave payments.

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

Cash and Cash Equivalents

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

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

Cash and Cash Equivalents (Continued)

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

Inventories

Supplies and materials are charged to expenditures when purchased.

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.

Net Position

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

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

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.

NOTE B – ESTIMATES

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

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the bank balance of the District's cash and cash equivalents was $21,187,911. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

The funds of the District are deposited and invested under the terms of a contract, contents of which are set out in the bond of depositors for public school funds. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Custodial credit risk is the risk that in event of bank failure the deposits may not be returned or that the District may not recover collateral securities. The District requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). All of the District's deposits were collateralized with securities held in the financial institution's names. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not retain any long-term investments. Concentrations of credit risk are the risk of loss attributed to the magnitude of the District's investments in a single issuer. All of the organization's cash is held at a local financial institution. Foreign currency risk is the risk of changes in exchange rates affecting foreign investments. The District does not hold any foreign investments.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

	Bank Balance	Book Balance
Peoples Bank & Trust		
General operations	3,895,159	2,565,615
Buckhorn School	40,714	40,364
East Perry Elementary	57,866	54,921
West Perry Elementary	32,923	30,131
Leatherwood Elementary	8,931	8,816
Perry County Central High School	173,193	172,966
Robinson Elementary	25,812	25,444
R.W. Combs Elementary	20,095	18,968
Viper Elementary	27,756	26,452
Bond and Interest Accounts	2,537	-
Total	4,284,986	2,943,677
Traditional Bank		
General operations	16,902,850	16,902,850
US Bank		
General operations	75	75

NOTE D – LEASE OBLIGATIONS AND BONDED DEBT

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

Issue Date	Proceeds	Rates
Revenue January 2011	1,935,000	1.50% - 4.75%
Revenue 2nd Series December 2011	6,745,000	2.00% - 3.25%
QSCB Construction Bonds December 2011	13,300,000	5.00% - 5.00%
Refunding Revenue June 2012	3,360,000	1.10% - 2.25%
KISTA 2013	355,834	2.00% - 2.00%
Revenue Series September 2012	6,635,000	2.00% - 3.00%
Revenue Series February 2016	22,030,000	2.00% - 3.125%
Refunding Revenue Series May 2016	2,155,000	2.00% - 2.25%
KISTA 2017	1,047,424	2.55% - 2.55%
Energy Conservaton Revenue Bonds December 2018	6,750,000	3.00% - 3.75%

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE D – LEASE OBLIGATIONS AND BONDED DEBT (Continued)

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Perry County Fiscal Court and the School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt and are considered defeased by the District.

Perry County School District Finance Corporation issued Qualified School Construction Bonds, taxable series dated December 1, 2011 having a par amount of $13,300,000. $332,500 semi-annual interest payments are due every June and December through December 1, 2030. A federal tax credit for the same amount has been granted for each bondholder resulting in a subsidy/federal on-behalf payment for the School District. The action is a result of creation of qualified school construction bonds under the American Recovery and Reinvestment Act. The Act allows deferral of principal payments for up to 17 years and the creation of an escrow account as noted above. The bonds provide federal tax credits for bondholders in lieu of interest in order to significantly reduce the issuer's cost of borrowing. The Compliance Supplement acknowledges Qualified School Construction Bonds passed through the U.S. Department of Education are not covered by the single audit requirement and are not required to be included in the Schedule of Expenditures of Federal Awards.

Fiscal Year	QSCB Series 2011 Escrow Payment		Expected Escrow	QSCB Series 2011 Interest	
End	Board	KSFCC	Earnings	Total	Tax Credit
2013	378,800	174,406	6,987	665,000	(665,000)
2014	371,065	182,141	21,227	665,000	(665,000)
2015	367,943	185,263	35,829	665,000	(665,000)
2016	368,343	184,863	50,802	665,000	(665,000)
2017	369,020	184,186	66,155	665,000	(665,000)
2018	373,136	180,070	81,899	665,000	(665,000)
2019	370,799	182,407	98,043	665,000	(665,000)
2020	378,801	174,405	114,598	665,000	(665,000)
2021	378,800	174,406	131,573	665,000	(665,000)
2022	378,800	174,406	148,980	665,000	(665,000)
2023	378,800	174,406	166,829	665,000	(665,000)
2024	378,801	174,405	185,132	665,000	(665,000)
2025	378,800	174,406	203,900	665,000	(665,000)
2026	378,800	174,406	223,145	665,000	(665,000)
2027	378,800	174,406	242,880	665,000	(665,000)
2028	378,800	174,405	263,116	665,000	(665,000)
2029	378,801	174,405	283,866	665,000	(665,000)
2030	366,213	186,993	305,144	665,000	(665,000)
2031	378,800	174,406	158,982	332,500	(332,500)
subtotal	7,132,122	3,378,791	2,789,087	12,302,500	(12,302,500)
realized	(2,977,907)	(1,447,741)	(475,540)	(5,320,000)	5,320,000
future	4,154,215	1,931,050	2,313,547	6,982,500	(6,982,500)
Principal payment due 12/1/2030			13,300,000		

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE D – LEASE OBLIGATIONS AND BONDED DEBT (continued)

Debt issue costs are recognized as expenditures when incurred in governmental funds, government-wide and proprietary fund type financial statements. In 1988, the District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The following table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

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

	Principal		Interest		
Year	Board	KSFCC	Board	KSFCC	Total
2020 - 21	1,286,536	1,031,545	758,766	402,196	3,479,043
2021 - 22	1,317,190	1,052,433	728,293	381,307	3,479,223
2022 - 23	1,413,827	1,074,175	696,791	359,566	3,544,359
2023 - 24	1,431,411	1,097,152	667,253	336,589	3,532,405
2024 - 25	1,349,398	1,021,913	624,717	312,592	3,308,620
2026 - 30	7,278,118	5,017,295	2,550,785	1,181,555	16,027,753
2031 - 35	10,350,036	2,039,964	1,328,779	476,973	14,195,752
2036 - 39	4,170,000	-	268,987	24,482	4,463,469
Totals	28,596,516	12,334,477	7,624,371	3,475,260	52,030,624

Following are changes in long-term debt including the QSCB escrow payments:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Principal
Revenue January 2011	1,430,000	-	(90,000)	1,340,000	90,000
Rev.2nd Series December 2011	4,815,000	-	(300,000)	4,515,000	305,000
QSCB Bonds December 2011	9,066,616	-	(667,804)	8,398,812	684,779
Refunding Revenue June 2012	1,685,000	-	(330,000)	1,355,000	330,000
KISTA Series 2013	137,840	-	(36,606)	101,234	37,489
Revenue Series September 2012	5,565,000	-	(190,000)	5,375,000	265,000
Revenue Series 2014	240,000	-	(240,000)	-	-
Revenue Series February 2016	20,060,000	-	(690,000)	19,370,000	925,000
Refunding Revenue May 2016	1,630,000	-	(175,000)	1,455,000	175,000
KISTA Series 2017	822,878	-	(98,119)	724,759	100,592
Energy Conservation Bonds December 2018	6,750,000	-	(55,000)	6,695,000	90,000
Total	52,202,334	-	(2,872,529)	49,329,805	3,002,860

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

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE E – CAPITAL ASSETS

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
NON-DEPRECIABLE				
Land	8,894,021	-	-	8,894,021
Construction in progress	2,752,918	3,838,352	-	6,591,270
	11,646,939	3,838,352	-	15,485,291
DEPRECIABLE				
Land improvements	3,174,953	-		3,174,953
Buildings and improvements	85,973,130	46,662	-	86,019,792
Technology equipment	512,901	-	290,557	222,344
Vehicles	5,361,067	-	55,246	5,305,821
General equipment	1,767,417	44,809	-	1,812,226
	96,789,468	91,471	345,803	96,535,136
Totals at historical cost	108,436,407	3,929,823	345,803	112,020,427
Less: accumulated depreciation				
Land and improvements	3,180,284	4,129	-	3,184,413
Buildings and improvements	25,278,724	1,691,417	-	26,970,141
Technology equipment	459,988	-	210,092	249,896
Vehicles	4,254,291	263,625	353,301	4,164,615
General equipment	1,742,867	5,779	-	1,748,646
Total accumulated depreciation	34,916,154	1,964,950	563,393	36,317,711
Governmental Activities Capital Assets - Net	73,520,253	1,964,873	(217,590)	75,702,716
Business-Type Activities				
Building and improvements	14,000	-	-	14,000
Technology	23,496	-	-	23,496
Food service equipment	802,664	49,024	-	851,688
Totals at historical cost	840,160	49,024	-	889,184
Less: accumulated depreciation				
Building and improvements	5,960	440	-	6,400
Technology	10,210	3,100	-	13,310
Food service equipment	669,114	52,350	-	721,464
Total accumulated depreciation	685,284	55,890	-	741,174
Business-Type Activities Capital Assets - Net	154,876	(6,866)	-	148,010

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE E – CAPITAL ASSETS (continued)

Depreciation expense was allocated to governmental functions as follows:

Instruction	1,692,935
Plant operation and management	72,318
Student transportation	199,697
Total	1,964,950
School food service operations	55,890

NOTE F – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2020, as follows:

Year ending June 30:	
2021	197,267
2022	197,267
2023	195,470
2024	38,182
2025	-
Total Minimum Rentals	628,186

NOTE G – RETIREMENT PLANS

Kentucky Teachers Retirement System:

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE G – RETIREMENT PLANS (continued)

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

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

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

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

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

NOTE G – RETIREMENT PLANS (continued)

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

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

State's proportionate share of the net pension liability associated with the District	$ 62,612,230

The net pension liabilities were 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 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 .4589% for KTRS and the prior year was .4712%.

For the year ended June 30, 2020, the District's government-wide financial statements reported KTRS pension expense of $6,545,658. The District recognized no deferred outflows of resources, inflows of resources or unfunded liability for KTRS purposes.

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:

Actuarial Cost Method	Entry Age
Amortization Period	Level Perentage of Payroll, Closed
Remaining Amortization Period	28.1 years
Inflation	3.0 percent
Salary increases, incuding inflation	3.50 - 7.30 percent
Long-term investment rate of return, net of pension plan investment expense, inculding inflation	7.50 percent

NOTE G – RETIREMENT PLANS (continued)

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

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

Asset Class	KTRS Target Allocation	Long-term Expected Real Rate of Retun
U.S. Equity	40.0%	4.2%
International Equity	22.0%	5.2%
Fixed Income	15.0%	1.2%
Additional Categories	7.0%	3.2%
Real Estate	7.0%	3.8%
Private Equity	7.0%	6.3%
Cash	2.0%	0.9%
	100.0%	

Discount rate – The discount rate used to measure the total pension liability as of the measurement date was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67 and assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2039 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 7.50% was calculated using the Municipal Bond Index Rate as of the Measurement Date. This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB 68.

The following table presents the net pension liability –proportionate share, calculated using the discount rate of 7.50%, as well as what the Commonwealth's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Commonwealth's proportionate share of District pension liability	$ 79,945,988	$ 62,612,230	$ 48,024,207

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

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE G – RETIREMENT PLANS (continued)

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

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

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

Contributions - Funding for the plan is provided through payroll withholdings of 5.00% except for new hires on or after September 1, 2008 with payroll withholding of 6.00% and a district contribution of 24.06% of the employee's total compensation subject to contributions.

At June 30, 2020, the District reported the following for its proportionate share of net pension liability.

District's proportionate share of the net CERS pension liability	$ 16,853,566

The net pension liability was measured as of June 30, 2019. The total pension liability used was based on an actuarial valuation as of June 30, 2019. At June 30, 2019 the District's proportion of the net pension liability based on contributions to CERS was .2396% and the prior year proportion was .2364%.

The District's net proportion of pension expense was $2,707,985. The District reported deferred outflows and inflows of resources as noted in the schedule below. Contributions will be recognized as a reduction of the net pension liability in the subsequent year end.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	430,322	71,211
Changes of assumptions	1,705,772	-
Net difference between projected and actual earnings on OPEB plan investments	323,522	595,209
Changes in proportion and differences between District contributions and proportionate share of contributions	174,572	500,232
District contributions subsequent to the measurement date	-	-
Total	2,634,188	1,166,652

NOTE G – RETIREMENT PLANS (continued)

Actuarial Methods and Assumptions - The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous and hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS non-hazardous 3.55% to 19.05%, varies by services for CERS hazardous
Investment Rate of Return	6.25% for CERS non-hazardous and hazardous

Mortality tables implemented were determined based on active, retired and disabled status after service retirement according to the Pub 2010 guidelines. The target asset allocation and best estimates of arithmetic real rate of return for each major asset class, as provided by CERS's investment consultant, are summarized as follows:

Asset Class	CERS Target Allocation	Long-term Expected Nominal Return
Growth	**62.50%**	
US Equity	18.75%	4.30%
Non-US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Speicalty Credit/High Yield	15.00%	2.60%
Liquidity	**14.50%**	
Core bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	**23.00%**	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%

Discount Rate – The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. Deferred inflows and outflows and pension expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability is based on the June 30, 2019 actuarial valuations. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a five year period.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE G – RETIREMENT PLANS (continued)

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of net pension liability	$ 21,079,031	$ 16,853,566	$ 13,331,682

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

Year	Total
2020	922,187
2021	330,020
2022	196,055
2023	19,275
Thereafter	-
	1,467,537

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

There were no payables to the pension plan at June 30, 2020.

Note H – OPEB PLANS

KENTUCKY TEACHER'S RETIREMENT SYSTEM
Summary of Significant Accounting Policies

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

Note H – OPEB PLANS (Continued)

General Information about the OPEB Plan

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

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

Medical Insurance Plan

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

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

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

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note H – OPEB PLANS (Continued)

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

At June 30, 2020, the Perry School District reported a liability of $7,196,000 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 .2459% and the State portion was .1986%. The previous year proportion for the District was .2455% and the State was .2170%.

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	7,196,000
State's proportionate share of the net OPEB liability associated with the District	5,811,000
Total	13,007,000

The District's proportionate share of contribution expense was $428,130 and the State expense was $345,742. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	1,742,000
Changes of assumptions	191,000	-
Net difference between projected and actual earnings on OPEB plan investments	31,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	42,000	523,000
District contributions subsequent to the measurement date	-	-
Total	264,000	2,265,000
State portion	(117,943)	(1,011,910)
District portion	146,057	1,253,090

Note H – OPEB PLANS (Continued)

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

Year	Total
2020	(393,000)
2021	(393,000)
2022	(378,000)
2023	(381,000)
2024	(293,000)
Thereafter	(163,000)
	(2,001,000)

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

Health Insurance Trust	
Valuation Date	June 30, 2018
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	22 years
Asset Valuation method	5-year smoothed value
Inflation Rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary Increase	3.5 to 7.2%, including wage inflation
Discount Rate	8.00%
Health Care Cost Trends:	
KEHP (Kentucky Employees' Health Plan) Group	7.5% at June 30, 2018, decreasing to an ultimate rate of 5% by June 30, 2024
MEHP (Medicare Eligible Health Plan) Group	5.5% at June 30, 2018, decreasing to an ultimate rate of 5% by June 30, 2021
Medicare Part B Premiums	0% at June 30, 2018 with an ultimate rate of 5% by June 30, 2030
KEHP Group Claims	The current KEHP premium is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

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.

Note H – OPEB PLANS (Continued)

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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	100.0%	

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:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
District's share of net OPEB liability	$ 8,525,000	$ 7,196,000	$ 6,083,000

Note H – OPEB PLANS (Continued)

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

	1% Decrease	Current Trend Rate	1% Increase
District's share of net OPEB liability	$ 5,858,000	$ 7,196,000	$ 8,842,000

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

Life Insurance Plan

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

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

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

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

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

District's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the District	135,000
Total	135,000

Note H – OPEB PLANS (Continued)

For the year ended June 30, 2020, the District's proportionate share of OPEB revenue and expense was $-0-. At June 30, 2020, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEBs from life insurance plans.

Any amount reported as deferred outflows of resources related to OPEB from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. No other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense.

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

Life Insurance Trust	
Valuation Date	June 30, three years prior to end of reporting year
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years
Asset Valuation method	5-year smoothed value
Inflation Rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary Increase	3.5% to 7.45%, including wage inflation
Discount Rate	7.50%

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.

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.

Note H – OPEB PLANS (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:

Asset Class	Target Allocation	Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.3%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.9%
Private Equity	5.0%	6.3%
Additional Categories	6.0%	3.2%
Cash	2.0%	0.9%
Total	100.0%	

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.

The following table presents the State's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
State's proportionate share of net OPEB liability	$ 217,738	$ 135,000	$ 67,011

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

Note H – OPEB PLANS (Continued)

COUNTY EMPLOYEE RETIREMENT SYSTEM

General Information about the OPEB Plan

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

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

The State reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the KRS Insurance Fund. The following information describes the KRS plans.

Medical Insurance Plan

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

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

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

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

At June 30, 2020, the District reported a liability of $4,029,476 for its proportionate share of the collective net CERS non-hazardous OPEB liability. 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 .2396% for non-hazardous employees and .2364% for the previous year.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note H – OPEB PLANS (Continued)

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

District's proportionate share of the net OPEB liability	4,029,476

For the year ended June 30, 2020, the District's proportionate share of OPEB expense was $388,019. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	1,215,786
Changes of assumptions	1,192,359	7,973
Net difference between projected and actual earnings on OPEB plan investments	26,542	205,513
Changes in proportion and differences between District contributions and proportionate share of contributions	33,293	300,788
District contributions subsequent to the measurement date	-	-
Total	1,252,194	1,730,060

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:

2020	(94,163)
2021	(94,163)
2022	(37,260)
2023	(146,113)
2024	(93,898)
2025	(12,269)
Total	(477,866)

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note H – OPEB PLANS (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, 2018
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous and hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS non-hazardous 3.55% to 19.05%, varies by services for CERS hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend, 7.00% beginning January 1, 2020 decreasing to 4.05% over a 12 year period
Post - 65	Initial trend, 5.00% beginning January 1, 2020 decreasing to 4.05% over a 10 year period
Mortality	
Pre- retirement	PUB-2010 General and Public Safety Mortality tables, using base year of 2010
Post - retirement (non-disabled)	System specific based on 2013-2018 mortality experience, using based year of 2019
Post - retirement (disabled)	PUB-2010 Disabled Mortality Table, using base year of 2010

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

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

Asset Class	CERS Target Allocation	Long-term Expected Nominal Return
Growth	**62.50%**	
US Equity	18.75%	4.30%
Non-US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Speicalty Credit/High Yield	15.00%	2.60%
Liquidity	**14.50%**	
Core bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	**23.00%**	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note H – OPEB PLANS (Continued)

Discount rate - The discount rate used to measure the total OPEB liability was 5.68% for non-hazardous employees. 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% for non-hazardous employees as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68% for non-hazardous) or 1-percentage-point higher (6.68% for non-hazardous) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount rate	4.68%	5.68%	6.68%
District's proportionate share of net OPEB liability	$ 5,397,841	$ 4,029,476	$ 2,902,035

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

Health Care Trend Rate	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 2,996,742	$ 4,029,476	$ 5,281,789

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

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE I – CONTINGENCIES AND COMMITMENTS

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

The District was notified Kentucky School Board Insurance Trust dissolved fiscal year 2013. As a result, penalty payments to local participating Districts based on past premiums or past claims were required. The District's liability to the KSBIT Workers' Compensation Fund was $224,293. The District paid $56,073 of this balance in August 2014 and chose to pay the remaining balance of $168,220 in six installments equal to 12.5% of the assessment, the first additional installment payment due on August 15, 2015, and the remaining installments due on each August 15 thereafter. The amount of the liability is recorded in the government wide financial statements. A liability is not reflected in the fund financial statements in accordance with GASB Interpretation No. 6, as governmental funds follow the current financial resources measurement focus (modified accrual basis of accounting).

The Perry County School District Finance Corporation approved a resolution on August 18, 2020 to refinance Series 2011 bonds for approximately $1,415,000 through the sale of 2020 school building refunding revenue bonds.

The District continues to monitor the direct and indirect effects of COVID-19, which has led to closings of non-essential services and limitations for public assemblies. While the immediate and long-term financial impact cannot be reasonably estimated, management anticipates preparing amendments to future budget projections reflecting any significant changes in revenues, instructional and other student body activities affecting the District as a result of the coronavirus.

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 are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which includes worker's compensation insurance.

NOTE K – LITIGATION

The District is subject to legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate a material effect on the combined financial statements as a result of threatened, pending or ongoing litigation.

NOTE L – RISK MANAGEMENT

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.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE M – DEFICIT OPERATING/FUND BALANCES

The following funds reflected deficit balances at June 30, 2020:

School Food Service Fund	72,228

The following funds had operating expenditures in excess of revenues at June 30, 2020:

General Fund	39,380
Special Revenue Funds	75,726
Leatherwood Elementary Activity Fund	1,038
West Perry Elementary Activity Fund	1,705
Construction Fund	3,838,351

NOTE N – 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 O – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue	KETS	70,551
General Fund	Special Revenue	Community Education	5,000
Food Service	General Fund	Indirect Cost Transfer	38,248
Capital Outlay Fund	General Fund	Maintenance Costs	335,958
FSPK Fund	Debt Service	Debt retirement	1,931,348
		Total	2,381,105

NOTE P – INTERFUND RECEIVABLES AND PAYABLES

	Receivable	Payable
General Fund	749,064	-
Special Revenue Funds	-	749,064
Totals	749,064	749,064

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE Q – ON-BEHALF PAYMENTS

The following payments made by the state on behalf of employees of the District and for the benefit of the District are recognized in the government-wide financial statements as additional revenue and expenditures for the year ended June 30, 2020:

TRS GASB 68	4,711,918
TRS GASB 75	351,450
Health Insurance	3,910,705
Life Insurance	7,485
Administrative Fees	62,336
HRA/dental/vision	349,571
Technology	96,602
Debt Service	1,608,147
Less: Federal Reimbursement	(430,757)
Total	10,667,457

Payments are allocated among the following funds:

General Fund	8,766,468
Debt Service	1,608,147
Food Service Fund	292,842
Total	10,667,457

NOTE R – FUND BALANCE CLASSIFICATIONS

The District implemented Governmental Accounting Standards Board No. 54, Fund Balance Reporting and Governmental Fund Type Definitions effective for the fiscal year ended June 30, 2011. This standard clarifies existing governmental fund type definitions and establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Classifications include *nonspendable,* examples being prepaid items and inventory, and the following spendable fund balances - *restricted* – fund balances that are constrained by external parties, constitutional provisions or enabling legislation, *committed* – fund balances that contain self-imposed constraints of the government from its highest level of decision making authority, *assigned* – fund balances that contain self-imposed constraints of the government to be used for a particular purpose and *unassigned* – fund balance of the general fund that is not constrained for any particular purpose. The standard affects fund balance reporting only and do not affect government-wide or proprietary fund financial statements.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE R – FUND BALANCE CLASSIFICATIONS (continued)

The following schedule reflects governmental fund balances at June 30, 2020:

Fund balances	General Fund	Special Revenue	FSPK Fund	Construction Fund
Restricted for SFCC Escrow - prior	-	-	6,025,900	-
Restricted for SFCC Escrow - current			1,275,953	
Restricted other	-	-	538,038	-
Restricted for future construction	-	-		572,678
Restricted for sick leave	162,617	-	-	-
Unassigned fund balance	9,418,040	-	-	-
Total fund balances	9,580,657	-	7,839,891	572,678

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

NOTE S – ANNUAL FINANCIAL REPORT DIFFERENCES

The following were changes between annual financial report as originally reported and adjusted balances:

		General Fund	Special Revenue Fund	Capital Outlay Fund	FSPK Building Fund	Construction Fund	Food Service Fund	Daycare Fund
Fund Balance/Net Position as originally reported to the Department of Education		9,667,019	-	-	7,507,391	572,678	(626,573)	18,635
Adjustment to Fund Balance/Retained Earnings								
(1)	To adjust accounts receivable	(49,604)	181,948	-	332,500	-	560,510	3,712 -
(2)	To adjust accounts payable	(45,010)	(173,696)	-	-	-	(27,959)	-
(3)	To reclassify cash	(740,812)	740,812	-	-	-	-	-
(4)	To recognize interfund receivable/payables	749,064	(749,064)	-	-	-	-	-
(5)	To adjust deferred outflows	-	-	-	-	-	39,575	-
(6)	To adjust deferred inflows	-	-	-	-	-	57,343	-
(7)	To adjust net pension liability	-	-	-	-	-	(223,134)	-
(8)	To adjust net fixed assets	-	-	-	-	-	148,010	-
Fund Balance/Net Position per fund financial statements at June 30, 2020		9,580,657	-	-	7,839,891	572,678	(72,228)	22,347

NOTE T – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS AND GUIDANCE

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

- GASB Statement No. 83—Certain Asset Retirement Obligations, effective for the District's fiscal year ending June 30, 2020.
- GASB Statement No. 88—Certain Disclosures Related to Debt, effective for the District's fiscal year ending June 30, 2020.

The District will adopt the following new accounting pronouncements in future reporting years:

- GASB Statement No. 84—Fiduciary Activities, effective for the District's fiscal year ending June 30, 2021.
- GASB Statement No. 87—Leases, effective for the District's fiscal year ending June 30, 2022.
- Implementation Guide 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the District's fiscal year ending June 30, 2021.
- Implementation Guide No. 2019-2, Fiduciary Activities, effective for the District's fiscal year ending June 30, 2021.

The impact of these pronouncements and guides on the District's financial statements has not been determined.

NOTE U – PRIOR PERIOD RESTATEMENT

Beginning net position was decreased $50,410 for governmental activities and increased $50,410 for business-type activities to reflect the net effect regarding reclassification of fixed assets among funds. The net effect on total net position was $-0-.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance
Revenues:	Original	Final	Actual	Favorable (Unfavorable)
From local sources:				
Taxes	6,400,000	6,400,000	6,094,201	(305,799)
Earnings on investments	65,000	65,000	323,119	258,119
Other local revenue	30,000	30,000	21,748	(8,252)
Intergovernmental - state	25,419,000	24,692,496	27,118,316	2,425,820
Intergovernmental - indirect federal	50,000	50,000	100,276	50,276
Total revenues	31,964,000	31,237,496	33,657,660	2,420,164
Expenditures:				
Instructional	18,690,959	18,794,879	19,957,808	(1,162,929)
Student support services	1,606,855	1,606,855	1,583,601	23,254
Staff support services	724,379	724,379	1,072,940	(348,561)
District administration	1,084,060	1,084,060	859,863	224,197
School administration	2,033,025	2,033,025	2,243,186	(210,161)
Business support	929,132	929,132	1,022,250	(93,118)
Plant operations and maintenance	4,316,962	4,408,275	3,917,543	490,732
Student transportation	2,440,415	2,710,415	2,554,851	155,564
Community service activities	14,755	16,056	16,540	(484)
Debt service and miscellaneous	468,458	468,458	468,458	-
Contingencies	3,100,000	2,109,421	-	2,109,421
Total expenditures	35,409,000	34,884,955	33,697,040	1,187,915
Excess (deficit) of revenues over expenditures	(3,445,000)	(3,647,459)	(39,380)	3,608,079
Other financing sources (uses):				
Operating transfers in	30,000	30,000	374,206	344,206
Operating transfers out	(85,000)	(85,000)	(75,551)	9,449
Gains/losses on assets	-	-	2,062	2,062
Total other financing sources (uses)	(55,000)	(55,000)	300,717	355,717
Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	(3,500,000)	(3,702,459)	261,337	3,963,796
Fund balance - July 1, 2019	3,500,000	3,702,459	9,156,703	5,454,244
Fund balance - June 30, 2020	-	-	9,418,040	9,418,040

Ending fund balance represents unassigned fund balance at June 30, 2020 without regard to the District's restriction for sick leave in the amount of $162,617.

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

PERRY 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

	Budgeted Amounts			Variance Favorable
Revenues:	Original	Final	Actual	(Unfavorable)
From local sources	150,055	224,725	287,650	62,925
Intergovernmental - state	3,026,771	2,618,925	3,066,700	447,775
Intergovernmental - direct federal	63,762	63,762	65,062	1,300
Intergovernmental - indirect federal	4,051,693	3,884,195	4,638,640	754,445
Total revenues	7,292,281	6,791,607	8,058,052	1,266,445
Expenditures:				
Instructional	6,029,500	5,985,959	6,472,524	(486,565)
Student support services	22,668	22,668	18,096	4,572
Staff support services	436,443	481,297	650,789	(169,492)
District administration support services	-	-	12,214	(12,214)
Plant operations and maintenance	205,200	205,200	213,792	(8,592)
Student transportation	207,843	153,283	269,110	(115,827)
Community service activities	475,627	28,200	497,253	(469,053)
Total expenditures	7,377,281	6,876,607	8,133,778	(1,257,171)
Excess (deficit) of revenues over expenditures	(85,000)	(85,000)	(75,726)	(9,630)
Other financing sources (uses):				
Operating transfers in	85,000	85,000	75,551	9,449
Gains/losses on assets	-	-	175	(175)
Total other financing sources (uses)	85,000	85,000	75,726	9,274
Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	-	-	-	-
Fund balance - July 1, 2019	-	-	-	-
Fund balance - June 30, 2020	-	-	-	-

See notes to financial statements and independent auditor’s report.

PERRY COUNTY SCHOOL DISTRICT

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

Last Ten Years Ended June 30th

Employer's Proportionate Share of Net Pension Liability

	2020		2019		2018		2017		2016		2015	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
Employer's proportion of the net pension liability	0.4589%	0.2396%	0.4712%	0.2364%	0.5009%	0.2609%	0.5128%	0.2576%	0.5328%	0.2531%	0.5661%	0.2491%
Employer's proportionate share of the net pension liability	-	16,853,566	-	14,395,288	-	15,270,635	-	12,682,075	-	10,881,349	-	8,081,000
State's proportionate shate of the net pension liability	62,612,230	-	61,699,887	-	135,166,549	-	151,262,983	-	123,987,658	-	116,329,487	-
Employer's covered employee payroll	16,656,963	6,279,964	16,037,745	6,003,070	16,267,535	5,921,161	17,194,329	6,425,264	17,579,831	6,213,345	17,381,809	6,254,810
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	376%	268%	385%	240%	831%	258%	880%	197%	705%	175%	669%	129%
Plan fiduciary net position as a percentage of the total pension liability	58.8%	50.5%	59.3%	53.5%	39.8%	53.3%	35.2	55.5%	42.5%	60	45.6%	66.8%

Employer's Contributions

	2020		2019		2018		2017		2016		2015	
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	CERS
Contractually required contribution	4,711,918	1,507,048	4,470,625	1,283,148	4,802,384	1,131,257	2,488,898	1,192,467	2,564,235	1,265,300	3,419,858	1,079,458
Contributions in relation to the contractually required contribution	4,711,918	1,507,048	4,470,625	1,283,148	4,802,384	1,131,257	2,488,898	1,192,467	2,564,235	1,224,238	3,419,858	1,079,458
					-							
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	41,062	-	-
District's covered employee payroll	16,656,963	6,003,070	16,037,745	6,003,070	16,267,535	5,921,161	17,194,329	6,213,345	17,579,831	6,213,345	17,381,809	6,254,810
Contributions as a percentage of covered employee payroll	28.29%	25.10%	27.88%	21.37%	29.52%	19.11%	14.48%	19.19%	14.59%	19.70%	19.67%	17.26%

Change of benefit terms - None.
Changes of assumptions - None.
Until a full 10-year trend is compiled, the District will present information for years available. Utlimately, ten years of data will be presented.

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

PERRY COUNTY SCHOOL DISTRICT

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

Last Ten Years Ended June 30th

Employer's Proportionate Share of Net OPEB Liability

	Medical Ins Fund						Life Ins Fund		
	2020		2019		2018		2020	2019	2018
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	KTRS	KTRS
Employer's proportion of the net OPEB liability	0.2459%	0.2396%	0.2455%	0.2364%	0.2657%	0.2609%	0.4345%	0.4448%	0.4718%
Employer's proportionate share of the net OPEB liability	7,196,000	4,029,476	8,484,000	4,196,614	9,473,000	5,244,761	-	-	-
State's proportionate shate of the net OPEB liability	5,811,000	-	7,311,000	-	7,738,000	-	135,000	125,000	104,000
Employer's covered employee payroll	16,656,963	6,279,964	16,037,745	6,003,070	16,267,535	5,921,161	16,656,963	16,037,745	16,267,535
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	43%	64%	53%	70%	58%	89%	1%	1%	1%
Plan fiduciary net position as a percentage of the total OPEB liability	32.6%	60.4%	25.5%	53.5%	21.2%	53.3%	75.0%	75.0%	80.0%

Employer's Contributions

	2020		2019		2018		2020	2019	2018
	KTRS	CERS	KTRS	CERS	KTRS	CERS	KTRS	KTRS	KTRS
Contractually required contribution	773,872	388,019	810,900	325,435	826,969	333,360	5,708	4,355	7,317
Contributions in relation to the contractually required contribution	773,872	388,019	810,900	325,435	826,969	333,360	5,708	4,355	7,317
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered employee payroll	16,656,963	6,279,964	16,037,745	6,003,070	16,267,535	5,921,161	16,656,963	16,037,745	16,267,535
Contributions as a percentage of covered employee payroll	4.65%	6.18%	5.06%	5.42%	5.08%	5.63%	0.03%	0.03%	0.04%

Change of benefit terms - None.
Changes of assumptions - None
Until a full 10-year trend is compiled, the District will present information for years available.
Utlimately, ten years of data will be presented.

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

PERRY COUNTY SCHOOL DISTRICT

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

For the Year Ended June 30, 2020

Notes to Required Supplementary Information

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

PERRY COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	SEEK Capital Outlay Fund	Construction Fund	Debt Service Funds	Total
Assets:				
Cash and cash equivalents	-	572,678	-	572,678
Accounts receivable	-	-	-	-
Total assets	-	572,678	-	572,678
Liabilities and fund balances:				
Liabilities:				
Accounts payable	-	-	-	-
Fund balances:				
Restricted for future constrution	-	572,678	-	572,678
Unassigned fund balance	-	-	-	-
Total fund balances	-	572,678	-	572,678
Total liabilities and fund balances	-	572,678	-	572,678

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

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

For the Year Ended June 30, 2020

	SEEK Capital Outlay Fund	Construction Fund	Debt Service Funds	Total
Revenues:				
Intergovernmental - State	335,958	-	1,608,147	1,944,105
Total revenues	335,958	-	1,608,147	1,944,105
Expenditures:				
Facilities acquisition and construction	-	3,838,351	-	3,838,351
Debt service:				
Principal	-	-	2,682,804	2,682,804
Interest	-	-	856,691	856,691
Total expenditures	-	3,838,351	3,539,495	7,377,846
Excess (deficit) of revenues over expenditures	335,958	(3,838,351)	(1,931,348)	(5,433,741)
Other financing sources (uses):				
Operating transfers in	-	-	1,931,348	1,931,348
Operating transfers out	(335,958)	-	-	(335,958)
Total other financing sources (uses)	(335,958)	-	1,931,348	1,595,390
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	(3,838,351)	-	(3,838,351)
Fund balance, July 1, 2019	-	4,411,029	-	4,411,029
Fund balance, June 30, 2020	-	572,678	-	572,678

See independent auditor’s report.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

PERRY COUNTY HIGH SCHOOL ACTIVITY FUND

For the Year Ended June 30, 2020

Fund Accounts	Revenues	Expenditures	Interfund Transfers	Excess (Deficit) of Revenues over Expenditures	Fund Balance July 1, 2019	Fund Balance June 30, 2020
General	4,345	6,949	(3,211)	(5,815)	7,603	1,788
Locker	-	-	-	-	1,491	1,491
Parking tags	155	300	-	(145)	165	20
Coke lounge	1,082	2,953	-	(1,871)	3,606	1,735
Coke lobby	849	310	-	539	4,741	5,280
Breaktime vending	314	-	-	314	1,609	1,923
Donated	-	-	-	-	1,104	1,104
District soccer	5,385	2,150	(3,235)	-	-	-
Breaktime vend lounge	268	-	-	268	212	480
Senior college day	-	-	-	-	4	4
0610 Janitorial	-	289	289	-	-	-
Board travel	15,000	-	(12,000)	3,000	2,534	5,534
Regional soccer	6,100	3,663	(2,437)	-	-	-
Commodore snack shack	30,572	26,104	(5,805)	(1,337)	12,189	10,852
Cap and gown	6,125	7,420	1,295	-	-	-
Gate receipts	1,774	2,420	-	(646)	3,736	3,090
Football	41,729	52,103	4,187	(6,187)	13,623	7,436
Track	801	1,247	-	(446)	8,322	7,876
Boys basketball	20,260	19,043	4,187	5,404	16,232	21,636
Girls basketball	21,614	23,296	4,187	2,505	-	2,505
Wrestling	6,844	8,541	1,650	(47)	3,504	3,457
Volleyball	14,775	13,943	1,350	2,182	6,835	9,017
Golf	-	328	300	(28)	73	45
Cross country	-	391	750	359	6	365
Baseball	12,020	13,716	-	(1,696)	2,529	833
Softball	27,015	17,436	-	9,579	14,781	24,360
Boys varsity cheerleaders	42,994	51,400	6,805	(1,601)	1,601	-

See independent auditor’s report.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

PERRY COUNTY HIGH SCHOOL ACTIVITY FUND (CONTINUED)

For the Year Ended June 30, 2020

Fund Accounts	Revenues	Expenditures	Interfund Transfers	Excess (Deficit) of Revenues over Expenditures	Fund Balance July 1, 2019	Fund Balance June 30, 2020
Tennis	-	63	-	(63)	563	500
Archery team	13,348	13,264	166	250	-	250
Fishing team	179	991	-	(812)	861	49
Boys soccer	8,989	5,144	4,186	8,031	2,302	10,333
Girls soccer	9,352	12,917	4,186	621	2,550	3,171
Hospitality	28,645	14,484	(14,161)	-	-	-
Academics	1,183	1,413	250	20	531	551
Band	5,082	7,663	1,750	(831)	1,373	542
Beta	-	66	-	(66)	273	207
Business/FBLA	-	-	537	537	1,000	1,537
Commodore vault	-	-	(537)	(537)	537	-
Drama	9,306	9,596	500	210	-	210
FCCLA	-	-	-	-	517	517
FFA	621	1,136	-	(515)	1,187	672
Prayer Club	-	-	-	-	-	-
Guidance	653	670	-	(17)	1,500	1,483
JROTC	3,170	6,717	2,500	(1,047)	5,190	4,143
Juniors	100	-	-	100	960	1,060
Library	-	-	-	-	1,429	1,429
Commondore corner	-	-	-	-	31	31
National art	745	507	-	238	794	1,032
Yearbook	1,265	4,756	3,491	-	-	-
Seniors	120,721	92,432	(1,295)	26,994	-	26,994
Speech team	-	115	115	-	-	-
STLP Esports	236	-	-	236	-	236
Overview tech	-	-	-	-	27	27
France trip/social studies	3,058	2,495	-	563	-	563
YSC	940	573	-	367	501	868
Biomed class	-	-	-	-	117	117
Tablets	-	-	-	-	690	690
Student council/pep club	6,475	5,149	-	1,326	83	1,409
Upike college classes	-	-	-	-	1,100	1,100
HCTC-biomedical class	-	-	-	-	1,512	1,512
State tournament	-	-	-	-	902	902
Totals	474,089	434,153	-	39,936	133,030	172,966

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUCKHORN SCHOOL ACTIVITY FUND

For the Year Ended June 30, 2020

Fund Accounts	Revenues	Expenditures	Interfund Transfers	Excess (Deficit) of Revenues over Exepnditures	Fund Balance July 1, 2019	Fund Balance June 30, 2020
General fund	14,679	11,729	(3,060)	(110)	110	-
Vending machines	2,575	-	-	2,575	-	2,575
Primary classes	1,191	687	-	504	109	613
Employee workroom	3,398	4,152	-	(754)	840	86
High school academics	1,500	205	-	1,295	143	1,438
Beta club	807	685	-	122	1	123
FFA	420	-	-	420	119	539
FBLA club	4,826	3,143	(126)	1,557	1,507	3,064
Paw Prints	-	-	-	-	77	77
STLP	-	126	126	-	-	-
Baseball	9,079	7,462	(1,618)	(1)	1	-
Archery	2,392	2,192	-	200	4	204
Elem cross country	154	259	105	-	-	-
Elem boys basketball	4,538	4,844	307	1	(1)	-
Elem girls basketball	1,115	1,889	775	1	(1)	-
Elem cheerleaders	475	1,121	646	-	-	-
General athletic fund	221	-	(105)	116	-	116
H.S. boys basketball	31,155	32,800	-	(1,645)	5,848	4,203
Scott Blank classic	5,690	4,639	-	1,051	-	1,051
H.S. girls basketball	20,338	18,806	-	1,532	265	1,797
H.S. cheerleaders	3,104	5,367	2,263	-	-	-
H.S.volleyball	8,255	9,847	1,591	(1)	1	-
Elementary volleyball	779	300	-	479	1,428	1,907
Soccer	-	1	-	(1)	1	-
Softball	5,129	3,283	(1,847)	(1)	1	-
Fellow Christian Athletics	-	-	-	-	201	201
Student senate	515	1,297	582	(200)	200	-
Educators rising	287	35	(252)	-	-	-
Library	1,781	1,780	-	1	190	191
Yearbook	500	1,295	-	(795)	1,050	255
Reimbursement	3,600	5,190	1,590	-	-	-
Family resource center	1,020	2,361	-	(1,341)	1,432	91
FRYSC Children Inc.	3,799	3,237	-	562	1,548	2,110
8th Grade trip	10,496	8,710	-	1,786	1,887	3,673
Senior trip 2019-20	38,010	30,781	(2,901)	4,328	1	4,329
Guidance - records	211	-	-	211	761	972
Donations	1,000	-	-	1,000	1,000	2,000
Tablet fund	-	-	1,924	1,924	4,575	6,499
Scholarships	1,500	500	-	1,000	1,250	2,250
Totals	184,539	168,723	-	15,816	24,548	40,364

See independent auditor’s report.

PERRY COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE

OTHER SCHOOL ACTIVITY FUNDS

For the Year Ended June 30, 2020

	East Perry Elementary	Leatherwood Elementary	Robinson Elementary	R.W. Combs Elementary	Viper Elementary	West Perry Elementary	Total (Memorandum Only)
REVENUES:							
Activity funds	134,840	53,851	65,648	108,917	83,227	177,829	624,312
EXPENDITURES:							
Activity funds	118,807	54,889	64,128	98,855	81,015	179,534	597,228
Excess or (deficiency) of revenues over expenditures	16,033	(1,038)	1,520	10,062	2,212	(1,705)	27,084
Fund Balance, July 1, 2019	41,122	9,854	25,056	8,906	24,240	27,756	136,934
Fund Balance, June 30, 2020	57,155	8,816	26,576	18,968	26,452	26,051	164,018

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Subrecipient Amount	Program Expenditures
U. S. Department of Agriculture				
Passed through State Department of Education:				
- Child Nutrition Cluster -				
School Breakfast Program	10.553	7760005-19	N/A	160,792
	10.553	7760005-20	N/A	404,628
				565,420
School Lunch Program	10.555	7750002-19	N/A	425,940
	10.555	7750002-20	N/A	1,030,529
				1,456,469
Summer Food Service Program for Children	10.559	7690023-20	N/A	1,958,955
	10.559	7690024-19	N/A	28,340
	10.559	7740023-19	N/A	273,998
	10.559	7690024-20	N/A	143,452
				2,404,745
Passed through State Department of Agriculture:				
National School Lunch Program	10.555	097-0100	N/A	164,777
Total Child Nutrition Cluster				**4,591,411**
Passed through State Department of Education:				
Fruit and Vegetable Program	10.582	7720012-19	N/A	14,108
	10.582	7720012-20	N/A	53,460
				67,568
Child and Adult Care Food Program (CACFP)	10.558	7790021-20	N/A	581,662
	10.588	7790021-19	N/A	223,701
				805,363
State Administrative Expenses for Child Nutrition	10.560	7700001-19	N/A	1,082
Total U.S. Department of Agriculture				**5,465,424**

See independent auditor’s report.

PERRY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Subrecipient Amount	Program Expenditures
U. S. Department of Education				
Passed through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	3100002-19	N/A	1,433,449
	84.010	3100002-18	N/A	237,414
Total Title I				**1,670,863**
- Special Education Cluster -				
Special Education Grants to States	84.027	3810002-20	N/A	575,742
	84.027	3810002-18	N/A	385,400
				961,142
Special Education Preschool Grants	84.173	3800002-19	N/A	58,822
	84.173	3800002-18	N/A	15,259
				74,081
Total Special Education Cluster				**1,035,223**
Career and Technical Education - Basic Grants to States	84.048	3710002-18 348E	N/A	13,711
	84.048	3710002-18 348EA	N/A	1,552
	84.048	3710002-18 348DA	N/A	683
	84.048	3710002-18 348F	N/A	22,749
				38,695
Rural Education	84.358	3140002-19	N/A	15,726
	84.358	3140002-18	N/A	49,127
				64,853
Supporting Effective Instruction State Grants	84.367	3230002-19	N/A	130,002
	84.367	3230002-18	N/A	33,023
				163,025
Student Support and Academic Enrichment Program	84.424	3420002-18	N/A	70,195
	84.424	3420002-19	N/A	116,427
				186,622
Passed through Berea College:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	697EA	N/A	9,000
	84.334A	397ES	N/A	153,534
	84.334A	597FS	N/A	983,070
				1,145,604
Innovative Approaches to Literacy, Full-Service Community Schools; and Promise Neighborhoods	84.215	518EN	N/A	399,672
	84.215	518FN	N/A	32,300
				431,972
Total Department of Education				**4,736,857**

See independent auditor’s report.

PERRY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Subrecipient Amount	Program Expenditures
US Department of Defense				
Direct				
JROTC	12.000	N/A	N/A	**65,062**
Appalachian Regional Commission				
Direct				
Appalachian Research, Technical Assistance and Demonstration Projects	23.011	N/A	N/A	**448**
US Department of Health and Human Services				
Passed through State Department of Education:				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	210001-19	N/A	**300**
National Endowment for the Humanities				
Direct				
Promotion of the Arts Partnership Agreements	45.025	N/A	N/A	**600**
Total Federal Awards Expended				**10,268,691**

Note 1—Basis of Presentation
The accompanying schedule of expenditures of federal awards includes the federal award activity of Perry County School District, under programs of the federal government for the year ended June 30, 2020 in accordance with the requirements of Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Perry County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Perry County School District.

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

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

Note 3 – Non-Monetary Assistance
Non-monetary assistance CFDA #10.555, $164,777, is reported in the schedule at the fair value of the food donations disbursed.

See independent auditor’s report.

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

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

State Committee for School District Audits
Members of Perry County Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the State Committee for School District Audits in the Kentucky Public School Districts Audit Contract Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Perry County School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Perry 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 Perry County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Perry County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Perry County School District's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Perry County School District, in a separate letter dated November 16, 2020. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in Kentucky Public School District's Audit Contract and Requirements – State Compliance Requirements.

Purpose of this Report

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

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 16, 2020

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

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

To Board Members
Perry County School District

Report on Compliance for Each Major Federal Program
We have audited Perry County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Perry County School District's major federal programs for the year ended June 30, 2020. Perry 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 Perry 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Perry 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of Perry County School District's compliance.

Opinion on Each Major Federal Program
In our opinion, Perry 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 Perry 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 Perry 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 Perry 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 16, 2020

PERRY COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2020

- FINDING RELATED TO THE FINANCIAL STATEMENTS -

None

- FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS –

2019-001: Child and Adult Care Food Program (CACFP) CFDA#10.558. District claims submitted for reimbursement did not agree to underlying meals and snacks served

Condition:	Our testing of the Child and Adult Care Food Program (CACFP), noted meal counts did not agree to submitted claims. Due to differences in sampling, an expanded selection of all claims for the year ended June 30, 2020 was performed. The majority of these errors occurred from August 2018 to November 2018. Meals counts were both under and over reported resulting in a higher reimbursement than the District was entitled. For the year ended June 30, 2020, snacks claims were under reported by 5,629 and supper claims were over reported by 11,815 meals.
Criteria:	To receive reimbursements, sponsors must submit claims to their State agency. Claims for reimbursement must report information in accordance with the financial management system established by the State. Only institutions that have an agreement with the State Agency will receive payments. Reimbursements are based on the number of meals and/or snacks served to children multiplied by the free rate for meals and snacks respectively. Accurate meal count records must be maintained on the number of meals served.
Cause:	Meal counts were not being reviewed and reconciled to the submitted claim prior to submission.
Effect:	Errors resulted in meals claimed which were not served. Funds were received by the District for which it was not due.
Questioned Costs:	$36,762
Recommendations:	We recommend the District provide written evidence reconciliation of daily count sheets to the claim submitted for reimbursement; A second person should review the claim entered prior to final submission. The District should reimburse the amount of questioned costs and determine if prior periods and periods after June 30, 2020 also include questioned costs.

2019-002: Child and Adult Care Food Program (CACFP) CFDA#10.558. District internal controls over its claims submitted for reimbursement were not adequate

Condition:	Our testing of the Child and Adult Care Food Program (CACFP), noted meal counts did not agree to submitted claims.

PERRY COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

For the Year Ended June 30, 2020

- FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued) -

Criteria: To receive reimbursements, sponsors must submit claims to their State agency. Claims for reimbursement must report information in accordance with the financial management system established by the State. Only institutions that have an agreement with the State Agency will receive payments. Reimbursements are based on the number of meals and/or snacks served to children multiplied by the free rate for meals and snacks respectively. Accurate meal count records must be maintained on the number of meals served.

Cause: Meal counts were not being reviewed and reconciled to the submitted claim prior to submission.

Effect: Errors resulted in meals claimed which were not served.

Questioned Costs: $36,762

Recommendations: We recommend the District provide written evidence reconciliation of daily count sheets to the claim submitted for reimbursement; A second person should review the claim entered prior to final submission. The District should reimburse the amount of questioned costs and determine if prior periods and periods after June 30, 2020 also include questioned costs.

DISTRICT RESPONSE:

2019-001: Child and Adult Care Food Program (CACFP) CFDA#10.558. District claims submitted for reimbursement did not agree to underlying meals and snacks served

2019-002: Child and Adult Care Food Program (CACFP) CFDA#10.558. District internal controls over its claims submitted for reimbursement were not adequate

Name of contact person: Thomas Neace, School Food Service Supervisor

Management response: The Perry County Food Service Program will implement consistent monitoring in addition to an approval sign off sheet for daily count sheets prior to submittal. Sites will submit meal count sheets and attendance rosters at the monthly manager's meeting. A copy of the sheet must be kept onsite as well. Central office staff will comprise a monthly update of sites missing meal count sheets and approach the kitchen staff with the issue. Disciplinary action will take place if sheets are missing and cannot be produced. Meal count sheets will be verified by office staff. Assistant is responsible for verifying meal count sheet and attendance rosters from previous weeks to the final document that is submitted at the end of the month. Once verified by both assistant and Food Service Director, claim will be submitted to Kentucky Department of Education by the 15th of each month. Additionally, the organization will reimburse the United States Department of Agriculture the questioned costs.

Proposed Completion Date: Immediately.

Auditor Followup Response: Corrective action was implemented by the Perry County School District Food Service Program.

PERRY COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

- SUMMARY OF AUDIT RESULTS -

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

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

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

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

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

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

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

   U.S. Department of Agriculture
   - Passed through State Department of Education -
     Child and Adult Care Food Program (CACFP)
       CFDA Number 10.558

   U.S. Department of Agriculture
   - Passed through State Department of Education –
     Child Nutrition Cluster
       CFDA Numbers 10.553, 10.555, 10.559
   - Passed through State Department of Agriculture –
     Child Nutrition Cluster
       CFDA Numbers 10.555

   U.S. Department of Education
   - Passed through Berea College –
     Gaining Early Awareness and Readiness for
     Undergraduate Programs (GEARUP)
       CFDA Numbers 84.334A

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

9. The auditee did not qualify as a low-risk auditee under section 200.520 of Title 2 U.S. Code of Federal Regulations Part 200.

Findings Related to the Financial Statements

– NONE –

Findings and Questioned Costs for Federal Awards

– NONE –

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

Perry County Board of Education
and Management
Hazard, Kentucky

In planning and performing our audit of the financial statements of Perry County School District for the year ended June 30, 2020, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operation efficiency. The memorandum that accompanies this letter summarized our comments and suggestions regarding those matters. A separate report dated November 16, 2020, contains our report on the District's internal control structure. This letter does not affect our report dated November 16, 2020 on the financial statements of the Perry County School District.

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

Respectfully,

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 16, 2020

PERRY COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

For the Year Ended June 30, 2020

Prior Year Comments

1. The District did not have all itemized invoices/receipts accompanying a disbursement for consulting services.
   Management response:
   Management has discussed with staff the importance of retaining documentation for monitoring purposes.

Current Year Comments

1. Management should periodically compare its detail fixed asset subsidiary ledgers to MUNIS generated summary totals to assure accuracy of account balances and classifications. In addition, the District should monitor properties considered idle to assure depreciation allowances are adequate and insurance coverage is not overstated.

2. State sales tax was paid on several general fund accounts payable disbursements totaling $5,095. District personnel should be instructed to monitor charges of state sales tax prior to processing and remittance. Management had requested refund/credit at report date.

APPENDIX C

Perry County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2021

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 9th day of September, 2021, by and between the Board of Education of Perry County, Kentucky School District ("Board"); the Perry County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $4,360,000 of the Corporation's School Building Refunding Revenue Bonds, Series 2021, dated as of September 9, 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 PERRY COUNTY, KENTUCKY SCHOOL DISTRICT

____
Chairperson

Attest:

____
Secretary

PERRY COUNTY SCHOOL DISTRICT FINANCE CORPORATION

____
President

Attest:

____
Secretary

APPENDIX D

Perry County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2021

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$4,360,000*
Perry County School District Finance Corporation
School Building Refunding Revenue Bonds, Series of 2021
Dated as of September 9, 2021

SALE: August 19, 2021 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Perry County School District Finance Corporation (the "Corporation") will until 11:00 A.M., E.D.S.T., on August 19, 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 $4,360,000 principal amount of Perry County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2021 (the "Refunding Bonds"), dated and bearing interest from September 9, 2021, payable on December 1, 2021, and semi-annually thereafter on June 1 and December 1 of each year, in denominations in multiples of $5,000 within the same maturity, maturing on December 1 in each of the years as follows:

MATURITY	PRINCIPAL AMOUNT*
2021	$375,000
2022	370,000
2023	375,000
2024	380,000
2025	385,000
2026	390,000
2027	400,000
2028	410,000
2029	415,000
2030	425,000
2031	435,000

* Subject to Permitted Adjustment as described herein.

REDEMPTION PROVISIONS

The Bonds maturing on or after December 1, 2030 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after December 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). Peoples Bank & Trust Company of Hazard, Hazard, 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.

PERRY 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 Perry 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 Perry County School District Finance Corporation School Building Revenue Bonds, Second Series of 2011, dated December 1, 2011 maturing December 1, 2021 and thereafter (the "Refunded Bonds") at or prior to their stated maturities on December 1, 2021.

SCHOOL FACILITIES CONSTRUCTION COMMISSION

The Kentucky School Facilities Construction 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 amended, repealed and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need.

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately $376,036 to be applied to the debt service of the Refunding Bonds through December 1, 2031; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to each biennial budget period of the Commonwealth, with the first such budget period terminating on June 30, 2022.

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.

PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUES

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 construction of a new East Perry Elementary 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 Lease Agreement, dated December 1, 2011 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is $4,210,000, scheduled to mature on December 1 in each of the years 2021 through 2031. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire $315,000 principal due December 1, 2021 and on December 1, 2021 all of the remaining 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 September 9, 2021 (the "2021 Lease")"); provided, however, the lien and pledge rank on the basis of parity with the lien and pledge securing the Corporation's Qualified School Construction Bonds, Series of 2011 dated December 1, 2011, issued concurrently with the Prior 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 September 9, 2021 through June 30, 2022, 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 December 1, 2031, 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 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 and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

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 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 $4,316,400 (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 $4,360,000 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 $435,000, 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 $3,980,000 or a maximum of $4,795,000. 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 $4,360,000 of Refunding Bonds bid.

(5) If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 19, 2021.

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

(6) 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 December 1 in accordance with the maturity schedule setting the actual size of the issue.

(7) 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 Peoples Bank & Trust Company of Hazard, Hazard, Kentucky, Attn: Ms. Julie Rose (606-436-2161) 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.

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

(9) 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.

(10) 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 or Kentucky income taxation and on the basis of the interest on said Bonds not being subject to Federal taxation or on the date of their delivery to the successful bidder. See TAX EXEMPTION 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.

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 Refunding Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Refunding 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 Refunding 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 Refunding Bonds for audit examination, or the course or result of any IRS examination of the Refunding Bonds or obligations which present similar tax issues, 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, Perry County Board of Education, 315 Park Avenue, Hazard, Kentucky 41701 (606) 439-5813.

TAX EXEMPTION; BANK QUALIFIED

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 excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and interest on the Bonds will not be a specific item of tax preference for purposes of calculating the Federal alternative minimum tax.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2021, the Refunding Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

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.

PERRY COUNTY SCHOOL DISTRICT FINANCE CORPORATION

By /s/ Denise Pratt
Secretary

APPENDIX E

Perry County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2021

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Perry County School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.D.S.T., on August 19, 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 $4,360,000 School Building Refunding Revenue Bonds, Series of 2021, dated as of September 9, 2021; maturing December 1, 2021 through 2031 ("Bonds").

We hereby bid for said $4,360,000* principal amount of Bonds, the total sum of $_______________ (not less than $4,316,400) plus accrued interest from September 9, 2021 payable December 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 December 1 in each of the years as follows:

Year	Amount*	Rate
2021	$375,000	________%
2022	370,000	________%
2023	375,000	________%
2024	380,000	________%
2025	385,000	________%
2026	390,000	________%
2027	400,000	________%
2028	410,000	________%
2029	415,000	________%
2030	425,000	________%
2031	435,000	________%

* Subject to Permitted Adjustment up to $435,000

We understand this bid may be accepted for as much as $4,795,000 of Bonds or as little as $3,980,000 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.

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

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 19, 2021.

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

Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid.

The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102.

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 December 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 Peoples Bank & Trust Company of Hazard, Hazard, Kentucky, Attn: Ms. Julie Rose (606-436-2161).

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 September 9, 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 September 9, 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 Perry County School District Finance Corporation for $____________ amount of Bonds at a price of $__________ as follows:

Year	Amount	Rate	Year	Amount	Rate
2021	_____,000	_____%	2027	_____,000	_____%
2022	_____,000	_____%	2028	_____,000	_____%
2023	_____,000	_____%	2029	_____,000	_____%
2024	_____,000	_____%	2030	_____,000	_____%
2025	_____,000	_____%	2031	_____,000	_____%
2026	_____,000	_____%			

Dated: August 19, 2021

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RSA Advisors, LLC, Municipal Advisor and
Agent for Perry County School District
Finance Corporation