

DATED JANUARY 18, 2022

NEW ISSUE
Electronic Bidding via Parity®
NOT 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 and political subdivisions thereof (see "Tax Exemption" herein).

\$2,515,000*
PULASKI COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2022

Dated with Delivery: FEBRUARY 16, 2022

Due: as shown below

Interest on the Bonds is payable each August 1 and February 1, beginning August 1, 2022. The Bonds will mature as to principal on February 1, 2023 and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

Maturing		Interest		Reoffering		Maturing		Interest		Reoffering	
1-Feb	Amount*	Rate	Yield	CUSIP	1-Feb	Amount*	Rate	Yield	CUSIP	1-Feb	Amount*
2023	\$105,000	%	%		2033	\$125,000	%	%			
2024	\$105,000	%	%		2034	\$130,000	%	%			
2025	\$110,000	%	%		2035	\$130,000	%	%			
2026	\$110,000	%	%		2036	\$135,000	%	%			
2027	\$110,000	%	%		2037	\$135,000	%	%			
2028	\$115,000	%	%		2038	\$140,000	%	%			
2029	\$115,000	%	%		2039	\$140,000	%	%			
2030	\$120,000	%	%		2040	\$145,000	%	%			
2031	\$120,000	%	%		2041	\$150,000	%	%			
2032	\$125,000	%	%		2042	\$150,000	%	%			

The Bonds are subject to redemption prior to their stated maturity.

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

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

The Pulaski County (Kentucky) School District Finance Corporation will until January 26, 2022 at 1:00 P.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, 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 \$250,000.**

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

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

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

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



**PULASKI COUNTY
BOARD OF EDUCATION**

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

Patrick Richardson, Superintendent/Secretary

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

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

Patrick Richardson, Secretary
Rebecca Wright, Treasurer

BOND COUNSEL

Step toe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

The Citizen's National Bank of Somerset
Somerset, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Pulaski County School District Finance Corporation School Building Revenue Bonds, Series of 2022, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$2,515,000*

**PULASKI COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2022**

**Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Pulaski County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2022 (the "Bonds").

The Bonds are being issued to finance the Northern Middle School roof replacement (the "Project").

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 school building Projects (as hereinafter defined) to the Pulaski County Board of Education (the "Board") on a year to year basis (see "Security" herein).

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated February 16, 2022, 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.

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$96,092 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2022; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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

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

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

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 1986 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 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, 2021 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
2010-REF	\$9,340,000	\$1,870,000	\$9,340,000	\$0	2.750%	2022
2012-REF	\$1,600,000	\$590,000	\$1,600,000	\$0	2.000%	2024
2012B-REF	\$1,940,000	\$635,000	\$1,543,258	\$396,742	2.000%	2023
2014	\$5,950,000	\$5,585,000	\$5,450,779	\$499,221	2.500% - 4.000%	2034
2015-REF	\$4,500,000	\$3,480,000	\$4,500,000	\$0	2.000% - 2.350%	2026
2016-REF	\$2,080,000	\$1,185,000	\$0	\$2,080,000	2.00%	2027
2017-REF	\$23,685,000	\$20,495,000	\$22,909,094	\$775,906	2.000% - 3.000%	2029
2018	\$2,775,000	\$2,545,000	\$2,775,000	\$0	3.250% - 3.750%	2038
2019	\$1,450,000	\$1,360,000	\$1,450,000	\$0	1.500% - 2.500%	2039
2020-REF	\$7,395,000	\$6,890,000	\$7,172,958	\$222,042	1.000% - 1.750%	2031
2021	\$1,835,000	\$1,755,000	\$1,835,000	\$0	1.700%	2041
2021-REF	\$2,630,000	\$2,515,000	\$2,630,000	\$0	1.500% - 2.150%	2032
TOTALS:	\$65,180,000	\$48,905,000	\$61,206,089	\$3,973,911		

AUTHORITY

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

- i) the issuance of approximately \$2,515,000 of Bonds subject to a permitted adjustment of \$250,000;
- 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 February 16, 2022, will bear interest from that date as described herein, payable semi-annually on August 1 and February 1 of each year, commencing August 1, 2022, and will mature as to principal on February 1, 2023 and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). The Citizen's National Bank of Somerset, Somerset, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on August 1 and February 1 of each year, beginning August 1, 2022 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after February 1, 2031, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2030, 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
February 1, 2030 and thereafter	100%

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

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the school building Project; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to improve the school building(s) constituting the Project (the "Parity Bonds").

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from February 16, 2022, 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 February 1, 2042, 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 Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease 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.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance the Northern Middle School roof replacement (the "Project").

The Board has reported construction bids have been let for the Project and approval of the Kentucky Department of Education, Buildings and Grounds, to award the construction contract is expected prior to the sale and delivery of the Bonds.

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

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 38% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2022 School Building Revenue Bonds -----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2022	\$4,837,767						\$4,837,767
2023	\$4,833,995	\$105,000	\$48,564	\$153,564	\$96,092	\$57,472	\$4,891,467
2024	\$4,829,352	\$105,000	\$48,575	\$153,575	\$96,092	\$57,483	\$4,886,835
2025	\$4,828,554	\$110,000	\$46,475	\$156,475	\$96,092	\$60,383	\$4,888,938
2026	\$4,829,830	\$110,000	\$44,275	\$154,275	\$96,091	\$58,184	\$4,888,013
2027	\$4,827,488	\$110,000	\$42,075	\$152,075	\$96,091	\$55,984	\$4,883,471
2028	\$4,820,923	\$115,000	\$39,875	\$154,875	\$96,092	\$58,783	\$4,879,706
2029	\$4,824,850	\$115,000	\$37,575	\$152,575	\$96,091	\$56,484	\$4,881,333
2030	\$3,668,407	\$120,000	\$35,275	\$155,275	\$96,091	\$59,184	\$3,727,591
2031	\$3,666,448	\$120,000	\$32,875	\$152,875	\$96,091	\$56,784	\$3,723,232
2032	\$2,494,004	\$125,000	\$30,475	\$155,475	\$96,092	\$59,383	\$2,553,388
2033	\$2,516,891	\$125,000	\$27,975	\$152,975	\$96,092	\$56,883	\$2,573,775
2034	\$2,538,476	\$130,000	\$25,475	\$155,475	\$96,091	\$59,384	\$2,597,860
2035	\$480,201	\$130,000	\$22,875	\$152,875	\$96,092	\$56,783	\$536,984
2036	\$483,236	\$135,000	\$20,275	\$155,275	\$96,092	\$59,183	\$542,420
2037	\$475,805	\$135,000	\$17,575	\$152,575	\$96,092	\$56,483	\$532,288
2038	\$482,808	\$140,000	\$14,875	\$154,875	\$96,091	\$58,784	\$541,592
2039	\$484,324	\$140,000	\$12,075	\$152,075	\$96,091	\$55,984	\$540,308
2040	\$230,070	\$145,000	\$9,275	\$154,275	\$96,092	\$58,183	\$288,253
2041	\$106,785	\$150,000	\$6,375	\$156,375	\$96,091	\$60,284	\$167,069
2042	\$0	\$150,000	\$3,188	\$153,188	\$96,091	\$57,096	\$57,096
TOTALS:	\$56,260,214	\$2,515,000	\$566,001	\$3,081,001	\$1,921,831	\$1,159,170	\$57,419,384

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	<u>\$2,515,000.00</u>
Total Sources	\$2,515,000.00
Uses:	
Deposit to Construction Fund	\$2,430,790.00
Underwriter's Discount (2%)	50,300.00
Cost of Issuance	<u>33,910.00</u>
Total Uses	\$2,515,000.00

DISTRICT STUDENT POPULATION

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

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	6,882.8	2010-11	7,237.6
2001-02	6,754.4	2011-12	7,236.5
2002-03	6,773.0	2012-13	7,255.4
2003-04	6,777.5	2013-14	7,246.8
2004-05	6,925.0	2014-15	7,243.4
2005-06	6,917.7	2015-16	7,343.5
2006-07	7,017.7	2016-17	7,445.9
2007-08	7,162.5	2017-18	7,430.7
2008-09	7,213.5	2018-19	7,413.6
2009-10	7,259.8	2019-20	7,428.2
		2020-21	7,362.7

Source: Kentucky State Department of Education.

STATE SUPPORT

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

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

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

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

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

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
2000-01	688,280.0	2010-11	723,756.0
2001-02	675,440.0	2011-12	723,650.0
2002-03	677,300.0	2012-13	725,542.0
2003-04	677,750.0	2013-14	724,682.0
2004-05	692,500.0	2014-15	724,335.0
2005-06	691,770.0	2015-16	734,350.0
2006-07	701,770.0	2016-17	744,590.0
2007-08	716,250.0	2017-18	743,070.0
2008-09	721,354.0	2018-19	741,360.0
2009-10	725,981.0	2019-20	742,820.0
		2020-21	736,270.5

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 (\$.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	49.1	1,833,142,686	9,000,731
2001-02	50.5	1,964,452,236	9,920,484
2002-03	49.1	2,026,022,103	9,947,769
2003-04	49.1	2,105,999,750	10,340,459
2004-05	51.6	2,295,131,563	11,842,879
2005-06	50.5	2,479,385,849	12,520,899
2006-07	56	2,574,685,202	14,418,237
2007-08	50.5	2,791,917,049	14,099,181
2008-09	55.1	2,956,190,926	16,288,612
2009-10	55.1	2,996,132,901	16,508,692
2010-11	55.2	3,113,127,351	17,184,463
2011-12	54.9	3,086,452,488	16,944,624
2012-13	56.5	3,132,941,444	17,701,119
2013-14	57.1	3,157,892,838	18,031,568
2014-15	60.1	3,196,812,800	19,212,845
2015-16	60.6	3,272,496,188	19,831,327
2016-17	62.3	3,347,983,337	20,857,936
2017-18	62.7	3,432,920,219	21,524,410
2018-19	65.5	3,521,195,105	23,063,828
2019-20	64.6	3,616,107,633	23,360,055
2020-21	60.5	3,807,619,907	23,036,100

OVERLAPPING BOND INDEBTEDNESS

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

<u>Issuer</u>	<u>Original Principal Amount</u>	<u>Amount of Bonds Redeemed</u>	<u>Current Principal Outstanding</u>
County of Pulaski			
General Obligation	17,328,422	3,740,549	13,587,873
Utilities Revenue	11,800,000	0	11,800,000
Courthouse Annex Lease Revenue	14,205,000	5,960,000	8,245,000
Refunding Revenue	5,868,011	0	5,868,011
Vehicles Revenue	549,364	0	549,364
City of Burnside			
Improvement Project Revenue	1,166,000	123,500	1,042,500
Refinancing Revenue	695,000	150,000	545,000
City of Eubank			
Water Revenue	3,236,000	1,353,000	1,883,000
Industrial Park Revenue	1,800,000	275,000	1,525,000
Improvement Project Revenue	925,000	142,000	783,000
City of Ferguson			
Water Revenue	184,000	108,000	76,000

City of Science Hill			
Water & Sewer Revenue	2,029,500	697,600	1,331,900
City of Somerset			
General Obligation	18,160,000	1,738,000	16,422,000
Improvement Project Revenue	19,000,000	2,596,000	16,404,000
Vehicles Revenue	479,173	0	479,173
Special Districts			
Pulaski County Library District	7,345,000	2,595,000	4,750,000
Western Pulaski County Water Dist.	11,054,000	3,005,500	8,048,500
Somerset-Pulaski County Airport Board	610,000	105,000	505,000
Totals:	116,434,470	22,589,149	93,845,321

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.

	<u>Base Funding</u>	<u>Local Tax Effort</u>	<u>Total State & Local Funding</u>
2020-21 SEEK	30,393,206	23,036,100	53,429,306
2019-20 SEEK	32,508,974	23,360,055	55,869,029
2018-19 SEEK	32,952,354	23,063,828	56,016,182
2017-18 SEEK	32,661,980	21,524,410	54,186,390
2016-17 SEEK	32,425,935	20,857,936	53,283,871
2015-16 SEEK	31,736,126	19,831,327	51,567,453
2014-15 SEEK	30,678,860	19,212,845	49,891,705
2013-14 SEEK	30,315,654	18,031,568	48,347,222
2012-13 SEEK	30,255,307	17,701,119	47,956,426
2011-12 SEEK	30,575,558	16,944,624	47,520,182
2010-11 SEEK	28,108,895	17,184,463	45,293,358
2009-10 SEEK	28,338,665	16,508,692	44,847,357
2008-09 SEEK	31,798,411	16,288,612	48,087,023
2007-08 SEEK	31,471,534	14,099,181	45,570,715
2006-07 SEEK	28,369,780	14,418,237	42,788,017
2005-06 SEEK	27,691,739	12,520,899	40,212,638
2004-05 SEEK	26,404,558	11,842,879	38,247,437
2003-04 SEEK	25,803,732	10,340,459	36,144,191
2002-03 SEEK	25,141,619	9,947,769	35,089,388
2001-02 SEEK	24,291,230	9,920,484	34,211,714
2000-01 SEEK	25,177,531	9,000,731	34,178,262

- (1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at \$100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.
- (2) The Board established a current equivalent tax rate (CETR) of \$0.6050 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.

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 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 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 has been timely in making all required disclosure filings in the past five (5) years.

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

TAX EXEMPTION; NOT 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 Federal income taxation.

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of more than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds are not "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 may be 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") may be 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 excludable 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.

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>.

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

FINANCIAL ADVISOR

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

APPROVAL OF OFFICIAL STATEMENT

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

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

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

**Pulaski County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Demographic and Economic Data

PULASKI COUNTY, KENTUCKY

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

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

The Economic Framework

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

Transportation

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

Power and Fuel

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

Education

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

LOCAL GOVERNMENT

Structure

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

Planning and Zoning

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

Local Fees and Licenses

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

Property Taxes

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

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

LABOR MARKET STATISTICS

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

Population

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

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

Population Projections

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

Source: Kentucky State Data Center, University of Louisville

EDUCATION

Public Schools

	<u>Pulaski County</u>	<u>Science Hill Independent</u>	<u>Somerset Independent</u>
Pupil-Teacher Ratio (2019-2020)	17 - 1	18 - 1	15 - 1
Total Student Enrollment (2019-2020)	8,120	404	1,591

Vocational-Technical Training

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

<u>Technical School</u>	<u>Location</u>	<u>(2019-2020)</u>
Pulaski County ATC	Somerset, KY	423
Wayne County ATC	Monticello, KY	551
Casey County ATC	Liberty, KY	394
Rockcastle County ATC	Mount Vernon, KY	431
Lake Cumberland ATC	Russell Springs, KY	879
Corbin ATC	Corbin, KY	441
Lincoln County ATC	Stanford, KY	363
Garrard County ATC	Lancaster, KY	386
Knox County ATC	Barbourville, KY	449
Clay County ATC	Manchester, KY	357
Marion County ATC	Lebanon, KY	574
Madison County ATC	Richmond, KY	896
Green County ATC	Greensburg, KY	488
Bell County ATC	Pineville, KY	679
Lee County ATC	Beattyville, KY	298

Area Colleges and Universities

<u>Institution</u>	<u>Location</u>	<u>Enrollment (Fall 2020)</u>
Somerset Community College	Somerset, KY	5,657
University of the Cumberlands	Williamsburg, KY	16,966
Berea College	Berea, KY	1,668
Lindsey Wilson College	Columbia, KY	1,999
Centre College	Danville, KY	1,411
Campbellsville University	Campbellsville, KY	13,744
Eastern Kentucky University	Richmond, KY	14,980
Asbury University	Wilmore, KY	1,930
University of Kentucky	Lexington, KY	29,402

FINANCIAL INSTITUTIONS

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

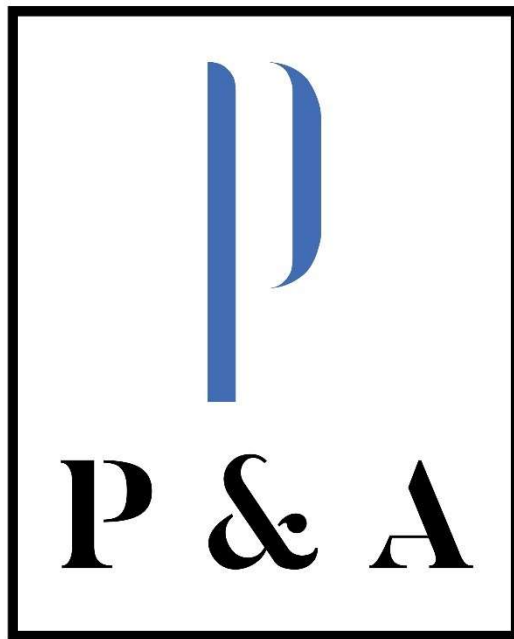
Source: McFadden American Financial Directory, January - June 2020 Edition.

APPENDIX B

**Pulaski County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Audited Financial Statement ending June 30, 2021

PULASKI COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive

Winchester, KY 40391

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

Kentucky State Committee for School District Audits
Board of Education of the Pulaski County School District
Somerset, KY

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 the Pulaski County School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pulaski County School District's basic financial statements 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 Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audits 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 Pulaski County School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note III – Changes In Certain Beginning Balances in the financial statements, effective July 1, 2020, the District adopted Governmental Accounting Standards Board Statement No. 84, “Fiduciary Funds”. Adoption of this standard reclassified all agency funds as special revenue funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, Schedules of the District’s Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and KTRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

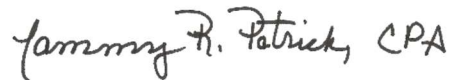
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pulaski County School District’s basic financial statements. The combining financial statements and student activity schedules 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* 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 financial statements and student activity schedules, 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 financial statements and student activity schedules 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 11, 2021, on our consideration of the Pulaski County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pulaski County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pulaski County School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

November 11, 2021

Pulaski County School District
Management Discussion and Analysis
June 30, 2021

As management of the Pulaski County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded the assets and deferred outflows on June 30, 2021 by \$18,062,550. Of this amount, \$12,238,153 represents the District's investment in capital assets net of related debt, \$3,589,720 is restricted for governmental activities and \$3,156,500 restricted for business-type activities and the remainder is an unrestricted net deficit of \$37,046,923.
- The District's ending net position increased by \$1,388,477, primarily due to large increases in the net pension liability and OPEB liability amounts offset by a slight increase in total assets and deferred outflows and an increase to beginning net position of \$620,751 for the implementation of GASB 84.
- The District's governmental funds report a combined ending fund balance of \$18,949,744, an increase of \$6,030,606. Approximately 19 percent of this total amount, \$4,360,040, is restricted for facility needs, approximately 2 percent, \$304,742, is committed to individual school's operation cost, 79 percent, \$15,008,959, is available for the District's operating needs.
- The general fund received \$69,346,787 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- General fund SEEK revenue for the year totaled \$29,656,935 compared to \$31,766,150 in the prior year. This represents a \$2,109,215 decrease from the previous years' funding.
- The District levied tax rates of 54.5 cents for real estate, 55.9 cents tangible, and 50.3 cents motor vehicle per \$100 in assessed value and 3% for utility tax.
- Due to the COVID pandemic property and motor vehicle tax collection periods were lengthened, and additional cleaning supplies and personal protective equipment were purchased. The effects of the pandemic cannot be determined at the time of this report.

Overview of the Financial Statements

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

Government-wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner like a private-sector business. The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the District 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 for items that will only result in cash flows in future fiscal periods.

Pulaski County School District
Management Discussion and Analysis (continued)
June 30, 2021

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Support Education Excellence in Kentucky (SEEK) funding, and other intergovernmental revenues.

The government-wide financial statements begin on page 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, special revenue fund, district activity fund, student activity fund, capital outlay fund, Facilities Support Program of Kentucky (FSPK) fund, school construction fund and the debt service fund.

Proprietary funds. The District maintains two types of proprietary funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise funds to account for its operations for food services and day care services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on page 22 of this report.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the general and special revenue fund.

Pulaski County School District
Management Discussion and Analysis (continued)
June 30, 2021

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$21,485,859 for governmental activities and assets and deferred outflows exceeded liabilities and deferred inflows by \$3,423,309 for business-type activities at the close of the most recent fiscal year.

Pulaski County School District Comparative Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets				
Current and other assets	\$ 26,193,799	\$ 16,166,287	\$ 5,326,811	\$ 4,428,137
Net capital assets	66,799,002	69,138,199	266,809	354,877
Total assets	<u>92,992,801</u>	<u>85,304,486</u>	<u>5,593,620</u>	<u>4,783,014</u>
Deferred Outflows of Resources				
Deferred pension differences and made after measurement date	13,954,962	11,642,655	553,538	2,094,588
Deferred saving from refunding bonds	1,452,555	1,376,818	-	-
Total deferred outflows of resources	<u>15,407,517</u>	<u>13,019,473</u>	<u>553,538</u>	<u>2,094,588</u>
Liabilities				
Current liabilities	12,610,415	10,108,437	58,635	101,913
Non-current liabilities:				
Debt service due in more than one year	50,084,438	51,478,217	-	-
Net pension liability	34,286,394	27,809,911	1,360,006	5,696,006
Other post-employment benefits liability	23,648,179	22,400,634	938,029	1,385,045
Total liabilities	<u>120,629,426</u>	<u>111,797,199</u>	<u>2,356,670</u>	<u>7,182,964</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	1,056,585	1,140,409	41,911	232,675
Deferred inflows of resources - OPEB	8,200,166	4,690,307	325,268	498,686
Total deferred inflows of resources	<u>9,256,751</u>	<u>5,830,716</u>	<u>367,179</u>	<u>731,361</u>
Total liabilities	<u>\$ 129,886,177</u>	<u>\$ 117,627,915</u>	<u>\$ 2,723,849</u>	<u>\$ 7,914,325</u>
Net position				
Net Investment in Capital Assets	\$ 11,971,344	\$ 13,100,839	\$ 266,809	\$ 354,877
Restricted	2,454,293	1,401,020	-	(1,122,698)
Other	1,135,427	-	3,156,500	-
Unrestricted	(37,046,923)	(33,805,815)	-	-
Total net position	<u>\$ (21,485,859)</u>	<u>\$ (19,303,956)</u>	<u>\$ 3,423,309</u>	<u>\$ (767,821)</u>

A significant portion of the District's net position reflects its net investment in capital assets (e.g. buildings, vehicles, and equipment.) The District used the capital assets to provide services to 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.

**Pulaski County School District
Management Discussion and Analysis (continued)
June 30, 2021**

There were increases in the deferred outflows of resources by \$846,995, an increase in the net pension liability by \$2,140,483, an increase in the other post-employment benefit liability of \$800,529 and increase of \$3,061,853 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

Changes in net position. The District's net position, after restatement of beginning balance, increased by \$1,388,477 from the prior fiscal year.

Pulaski County School District Comparative Statement of Activities

Revenues	<u>June 30, 2021</u>	<u>June 30, 2020</u>	Increase (Decrease)
Program revenues			
Charges for services	\$ 525,553	\$ 874,473	\$ (348,920)
Operating grants and contributions	40,387,934	16,572,194	23,815,740
Capital grants and contributions	2,571,657	71,987	2,499,670
General revenues			
Property taxes	16,808,013	17,279,612	(471,599)
Motor vehicle taxes	2,684,844	2,119,641	565,203
Franchise taxes	1,178,746	-	1,178,746
Utility taxes	2,838,683	3,238,375	(399,692)
Other taxes	-	99,899	(99,899)
State and federal grants	31,431,389	54,259,662	(22,828,273)
Student activities	591,253	-	591,253
Gain on equipment	53,098	98,247	(45,149)
Other local revenue	53,754	1,105,661	(1,051,907)
Unrestricted investment earnings	78,620	360,847	(282,227)
Total revenues	<u>99,203,544</u>	<u>96,080,598</u>	<u>3,122,946</u>
Expenses			
Instruction	64,179,784	54,376,514	9,803,270
Support services	15,615,214	16,990,498	(1,375,284)
Plant operations and maintenance	7,743,771	9,742,803	(1,999,032)
Student transportation	5,785,973	5,283,339	502,634
Community Services Operations	965,790	1,047,959	(82,169)
Building acquisitions/construction	(9,394,381)	-	(9,394,381)
Other non-instructional services	10,605,144	-	10,605,144
Interest on Long-Term Debt	1,397,528	1,920,031	(522,503)
Food service operations	1,152,805	6,239,068	(5,086,263)
Daycare operations	(236,561)	840,020	(1,076,581)
Total	<u>97,815,067</u>	<u>96,440,232</u>	<u>1,374,835</u>
Change in net position	1,388,477	(359,634)	1,748,111
Net position - beginning (restated)	(19,451,027)	(19,712,143)	261,116
Net position - ending	<u>\$ (18,062,550)</u>	<u>\$ (20,071,777)</u>	<u>\$ 2,009,227</u>

Total revenues increased by \$3,122,946 and expenses increased by \$1,374,835.

**Pulaski County School District
Management Discussion and Analysis (continued)
June 30, 2021**

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Governmental Activities

The majority of revenue was derived from local taxes making up 25% of the total revenue, and state and federal funding making up 74% of total revenue with the other 1% being derived mainly from tuition, student activities, investment earnings and other local revenues. Instruction makes up 54.5% of total Governmental Fund Expenditures. The other major Governmental Fund Expenditures are: Central Support 15%, Plant Operations and Maintenance 8%, Student Transportation 5%, Community Services Operations 1%, Building Acquisition and Construction 1%, Other Non-Instructional Services 11% and Debt Service 5%.

Overall Governmental Fund Type balances increased by \$5,409,855 which can mainly be attributed to increased federal funding.

Business -Type Activities

The business-type activities are food service and daycare services. These programs had revenues of \$5,339,448 and expenses of \$7,323,596 for the fiscal year 2021. Of the revenues, \$516,438 related to charges for services, \$4,406,179 was from State and Federal Grants, and \$14,361 was from investment earnings. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities.

Overall Business-Type Activities net position increased by \$4,191,130 which can mainly be attributed to increased federal funding.

General Fund Budget Highlights

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$64,284,913 with actual amounts totaling \$69,346,787. Budgeted expenditures were \$75,360,239 compared to actual expenditures of \$67,303,496.

Capital Assets

At the end of the fiscal year 2021, the District had \$67,065,811 invested in capital assets, \$66,799,002 is in governmental activities. For the fiscal year, capital asset increases totaled \$1,128,326, retirements totaled \$0 and depreciation expense totaled \$3,555,591. At June 30, 2020, the district had \$69,493,076 invested in capital assets, \$69,138,199 is in governmental activities. See the detailed table in the notes to the financial statements.

**Pulaski County School District
Management Discussion and Analysis (continued)
June 30, 2021**

Debt

At June 30, 2021, the District had \$49,670,000 in bonds outstanding, of this amount \$2,392,379 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$3,945,000 is due within one year. At June 30, 2020, the District had \$51,120,000 in bonds outstanding. This represents a decrease of \$1,450,000 from the prior year.

At June 30, 2021, the District also had \$4,739,327 in capital leases outstanding. A total of \$966,888 is due within one year. At June 30, 2020, the District had \$4,775,452 in capital leases outstanding. This represents a decrease of \$36,125 from the prior year.

See the detailed table in the notes to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Pulaski County School District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Pulaski County School District, 501 E. University Drive, Somerset, KY 42503 or by calling (606)679-1123.

Basic Financial Statements

PULASKI COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,873,348	\$ 4,947,090	\$ 19,820,438
Receivables			
Interfund Receivables	4,760,389	-	4,760,389
Taxes -current	1,021,574	-	1,021,574
Accounts	-	177,830	177,830
Intergovernmental - state	140,878	-	140,878
Intergovernmental - federal	5,329,960	-	5,329,960
Prepaid Expenses	4,314	-	4,314
Inventory	63,336	201,891	265,227
Total capital assets, net of depreciation	66,799,002	266,809	67,065,811
Total assets	<u>92,992,801</u>	<u>5,593,620</u>	<u>98,586,421</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	6,493,397	257,567	6,750,964
Deferred outflows - OPEB contributions	7,461,565	295,971	7,757,536
Deferred saving from refunding bonds	1,452,555	-	1,452,555
Total deferred outflows of resources	<u>15,407,517</u>	<u>553,538</u>	<u>15,961,055</u>
Total Assets and Deferred Outflows of Resources	<u>108,400,318</u>	<u>6,147,158</u>	<u>114,547,476</u>
LIABILITIES			
Accounts payable and accrued expenses	496,965	58,635	555,600
Interfund payable	4,760,389	-	4,760,389
Accrued interest payable	318,399	-	318,399
Accrued salaries & benefits	1,434,404	-	1,434,404
Unearned revenue	552,297	-	552,297
Long term liabilities:			
Due within one year			
Bond obligations	3,945,000	-	3,945,000
Capital lease obligations	966,888	-	966,888
Sick leave	136,073	-	136,073
Due beyond one year			
Bond obligations	45,725,000	-	45,725,000
Capital lease obligations	4,190,770	-	4,190,770
Sick leave	168,668	-	168,668
Net pension liability	34,286,394	1,360,006	35,646,400
Net OPEB liability	23,648,179	938,029	24,586,208
Total liabilities	<u>120,629,426</u>	<u>2,356,670</u>	<u>122,986,096</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	1,056,585	41,911	1,098,496
Deferred inflows of resources - OPEB	8,200,166	325,268	8,525,434
Total deferred inflows of resources	<u>9,256,751</u>	<u>367,179</u>	<u>9,623,930</u>
Total Liabilities and Deferred Inflow of Resources	<u>129,886,177</u>	<u>2,723,849</u>	<u>132,610,026</u>
NET POSITION			
Net Investment in Capital Assets Net of Related Debt	11,971,344	266,809	12,238,153
Restricted for:			
Capital projects	2,454,293	-	2,454,293
Other	1,135,427	3,156,500	4,291,927
Unrestricted	(37,046,923)	-	(37,046,923)
Total Net Position	<u>\$ (21,485,859)</u>	<u>\$ 3,423,309</u>	<u>\$ (18,062,550)</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instructional	\$ 64,179,784	\$ 9,115	\$ 25,944,960	\$ 2,571,657	\$ (35,654,052)	\$ -	\$ (35,654,052)
Support Services							
Student	5,333,580	-	29,758	-	(5,303,822)	-	(5,303,822)
Instructional Staff	3,424,322	-	365,397	-	(3,058,925)	-	(3,058,925)
District Administration	1,846,132	-	2,346,208	-	500,076	-	500,076
School Administration	3,941,476	-	-	-	(3,941,476)	-	(3,941,476)
Business	1,069,704	-	77,092	-	(992,612)	-	(992,612)
Plant operations and maintenance	7,743,771	-	4,113,723	-	(3,630,048)	-	(3,630,048)
Student Transportation	5,785,973	-	720,703	-	(5,065,270)	-	(5,065,270)
Community Services Operations	965,790	-	1,981,444	-	1,015,654	-	1,015,654
Building acquisitions/construction	(9,394,381)	-	-	-	9,394,381	-	9,394,381
Other non-instructional services	10,605,144	-	-	-	(10,605,144)	-	(10,605,144)
Interest on Long-Term Debt	1,397,528	-	-	-	(1,397,528)	-	(1,397,528)
Total governmental activities	<u>96,898,823</u>	<u>9,115</u>	<u>35,579,285</u>	<u>2,571,657</u>	<u>(58,738,766)</u>	<u>-</u>	<u>(58,738,766)</u>
Business-type activities:							
Food service operations	1,152,805	106,071	4,577,194	-	-	3,530,460	3,530,460
Childcare operations	(236,561)	410,367	231,455	-	-	878,383	878,383
Total business-type activities	<u>916,244</u>	<u>516,438</u>	<u>4,808,649</u>	<u>-</u>	<u>-</u>	<u>4,408,843</u>	<u>4,408,843</u>
Total primary government	<u>\$ 97,815,067</u>	<u>\$ 525,553</u>	<u>\$ 40,387,934</u>	<u>\$ 2,571,657</u>	<u>\$ (58,738,766)</u>	<u>\$ 4,408,843</u>	<u>\$ (54,329,923)</u>
General revenues							
Taxes:							
Property taxes					\$ 16,808,013	\$ -	\$ 16,808,013
Motor vehicle taxes					2,684,844	-	2,684,844
Franchise taxes					1,178,746	-	1,178,746
Utility taxes					2,838,683	-	2,838,683
State formula grants					31,431,389	-	31,431,389
Student activities					591,253	-	591,253
Other local revenue					53,754	-	53,754
Unrestricted investment earnings					64,259	14,361	78,620
Gain on equipment					53,098	-	53,098
Transfers					232,074	(232,074)	-
Total general revenues and transfers					<u>55,936,113</u>	<u>(217,713)</u>	<u>55,718,400</u>
Change in net position					(2,802,653)	4,191,130	1,388,477
Net position - beginning (restated)					(18,683,206)	(767,821)	(19,451,027)
Net position - ending					<u>\$ (21,485,859)</u>	<u>\$ 3,423,309</u>	<u>\$ (18,062,550)</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Total Non-Major Funds	Total
ASSETS				
Cash and cash equivalents	\$ 11,283,628	\$ -	\$ 3,589,720	\$ 14,873,348
Interfund receivables	4,760,389	-	-	4,760,389
Receivables				
Taxes-current	1,021,574	-	-	1,021,574
Intergovernmental - state	-	140,878	-	140,878
Intergovernmental - federal	-	5,329,960	-	5,329,960
Prepaid expenses	4,314	-	-	4,314
Inventory	63,336	-	-	63,336
Total assets	<u>17,133,241</u>	<u>5,470,838</u>	<u>3,589,720</u>	<u>26,193,799</u>
LIABILITIES				
Accounts payable	324,123	156,967	15,875	496,965
Interfund payable	-	4,760,389	-	4,760,389
Accrued Salaries & Benefits	1,434,404	-	-	1,434,404
Unearned revenue	-	552,297	-	552,297
Total liabilities	<u>1,758,527</u>	<u>5,469,653</u>	<u>15,875</u>	<u>7,244,055</u>
FUND BALANCE				
Non-Spendable	62,198	-	-	62,198
Restricted	-	-	3,573,845	3,573,845
Committed	304,742	-	-	304,742
Unassigned	15,007,774	1,185	-	15,008,959
Total fund balance	<u>15,374,714</u>	<u>1,185</u>	<u>3,573,845</u>	<u>18,949,744</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 17,133,241</u>	<u>\$ 5,470,838</u>	<u>\$ 3,589,720</u>	<u>\$ 26,193,799</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balances - Governmental Funds	\$ 18,949,744
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	66,799,002
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions subsequent to measurement date	6,493,397
OPEB contributions subsequent to measurement date	7,461,565
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(34,286,394)
Net OPEB liability	(23,648,179)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan investment differences	(1,056,585)
OPEB plan investment differences	(8,200,166)
Certain liability (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(49,670,000)
Capital lease payable	(5,157,658)
Accrued interest	(318,399)
Accrued sick leave	(304,741)
Deferred loss on refunding	1,452,555
Net position of governmental activities	<u>\$ (21,485,859)</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
Revenues					
From Local Sources					
Taxes					
Property	\$ 13,000,393	\$ -	\$ -	\$ 3,807,620	\$ 16,808,013
Motor vehicle	2,684,844	-	-	-	2,684,844
Franchise	1,178,746	-	-	-	1,178,746
Utilities	2,838,683	-	-	-	2,838,683
Earnings on investments	59,993	-	-	4,266	64,259
Tuition	9,115	-	-	-	9,115
Student activities	-	-	-	591,253	591,253
Other local revenue	3,490	43,238	-	7,026	53,754
Intergovernmental - state	49,526,809	5,311,105	387,511	2,571,657	57,797,082
Intergovernmental - federal	44,714	11,740,535	-	-	11,785,249
Total revenues	<u>69,346,787</u>	<u>17,094,878</u>	<u>387,511</u>	<u>6,981,822</u>	<u>93,810,998</u>
EXPENDITURES					
Instruction	42,007,105	12,577,732	-	612,454	55,197,291
Support services					
Student	5,316,737	14,426	-	2,417	5,333,580
Instructional staff	3,218,065	177,139	-	29,118	3,424,322
District Administration	708,725	1,137,407	-	-	1,846,132
School Administration	3,941,476	-	-	-	3,941,476
Business	1,032,331	37,373	-	-	1,069,704
Plant operation and maintenance	5,720,652	1,994,272	-	28,847	7,743,771
Student Transportation	4,434,527	349,386	-	-	4,783,913
Community Services Operations	5,215	960,575	-	-	965,790
Building acquisitions/construction	-	-	-	967,911	967,911
Other Non-Instructional Services	918,663	-	10,009,883	161	10,928,707
Debt service					
Principal	-	-	3,685,000	-	3,685,000
Interest	-	-	1,397,528	-	1,397,528
Total expenditures	<u>67,303,496</u>	<u>17,248,310</u>	<u>15,092,411</u>	<u>1,640,908</u>	<u>101,285,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,043,291	(153,432)	(14,704,900)	5,340,914	(7,474,127)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	10,025,000	1,835,000	11,860,000
Underwriter's Discount	-	-	(76,868)	(7,340)	(84,208)
Capital Lease Proceeds	823,018	-	-	-	823,018
Gain on Equipment	53,098	-	-	-	53,098
Operating transfers in (out)	937,189	154,617	4,754,623	(5,614,355)	232,074
Total other financing sources and (uses)	<u>1,813,305</u>	<u>154,617</u>	<u>14,702,755</u>	<u>(3,786,695)</u>	<u>12,883,982</u>
NET CHANGE IN FUND BALANCE	3,856,596	1,185	(2,145)	1,554,219	5,409,855
FUND BALANCE - BEGINNING (Restated)	11,518,118	-	2,145	2,019,626	13,539,889
FUND BALANCE - ENDING	<u>\$ 15,374,714</u>	<u>\$ 1,185</u>	<u>\$ -</u>	<u>\$ 3,573,845</u>	<u>\$ 18,949,744</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in
 Fund Balances to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 5,409,855
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Capital outlays	1,128,326
Depreciation Expense	(3,467,523)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they occur.	
	1,589,915
Bond discounts are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the Statement of Activities:	
Amortization of bond refinancing	(247,395)
Amortization of bond premium/discount	17,349
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension,	
Pension Expense	(6,999,662)
OPEB Expense	(1,838,094)
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net	
Bond proceeds	(11,860,000)
Debt principal repaid	14,287,594
Capital lease proceeds	(823,018)
Change in net position of governmental activities	\$ (2,802,653)

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
 Budget and Actual General Fund (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable
REVENUES				
From Local Sources				
Taxes				
Property	\$ 12,750,000	\$ 12,750,000	\$ 13,000,393	\$ 250,393
Motor vehicle	2,100,000	2,100,000	2,684,844	584,844
Franchise	850,000	850,000	1,178,746	328,746
Utilities	3,000,000	3,000,000	2,838,683	(161,317)
Tuition	25,000	25,000	9,115	(15,885)
Earnings on investments	35,000	35,000	59,993	24,993
Other local revenue	237,938	237,938	3,490	(234,448)
Intergovernmental - state	45,286,975	45,286,975	49,526,809	4,239,834
Intergovernmental - state	-	-	44,714	44,714
Total Revenues	<u>64,284,913</u>	<u>64,284,913</u>	<u>69,346,787</u>	<u>5,061,874</u>
EXPENDITURES				
Instruction	39,656,275	39,656,275	42,007,105	(2,350,830)
Support Services				
Student	4,270,410	4,270,410	5,316,737	(1,046,327)
Instructional Staff	5,378,294	5,378,294	3,218,065	2,160,229
District Administration	1,765,929	1,765,929	708,725	1,057,204
School Administration	3,062,087	3,062,087	3,941,476	(879,389)
Business	821,788	821,788	1,032,331	(210,543)
Plant Operation and Maintenance	7,519,067	7,519,067	5,720,652	1,798,415
Student Transportation	4,597,748	4,597,748	4,434,527	163,221
Community Services	6,000	6,000	5,215	785
Other Non-Instructional Services	-	-	918,663	(918,663)
Contingency	8,282,641	8,282,641	-	8,282,641
Total expenditures	<u>75,360,239</u>	<u>75,360,239</u>	<u>67,303,496</u>	<u>8,056,743</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(11,075,326)	(11,075,326)	2,043,291	13,118,617
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	-	823,018	823,018
Gain on Equipment	20,000	20,000	53,098	33,098
Operating transfers in (out)	(712,279)	(712,279)	937,189	1,649,468
Total other financing sources and (uses)	<u>(692,279)</u>	<u>(692,279)</u>	<u>1,813,305</u>	<u>2,505,584</u>
NET CHANGE IN FUND BALANCE	(11,767,605)	(11,767,605)	3,856,596	15,624,201
FUND BALANCE - BEGINNING	<u>11,767,605</u>	<u>11,767,605</u>	<u>11,518,118</u>	<u>(249,487)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,374,714</u>	<u>\$ 15,374,714</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
 Budget and Actual Special Revenue Fund (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable
REVENUES				
From Local Sources				
Other local revenue	\$ -	\$ 200	\$ 43,238	\$ 43,038
Intergovernmental - state	1,211,320	5,066,054	5,311,105	245,051
Intergovernmental - federal	913,515	13,788,838	11,740,535	(2,048,303)
Total Revenues	<u>2,124,835</u>	<u>18,855,092</u>	<u>17,094,878</u>	<u>(1,760,214)</u>
EXPENDITURES				
Instruction	1,410,028	6,440,892	12,577,732	(6,136,840)
Support Services				
Student	-	-	14,426	(14,426)
Instructional Staff	-	-	177,139	(177,139)
District Administration	-	1,137,407	1,137,407	-
Business	-	-	37,373	(37,373)
Plant Operation and Maintenance	-	865,434	1,994,272	(1,128,838)
Student Transportation	-	-	349,386	(349,386)
Community Services Operations	714,807	1,069,900	960,575	109,325
Total expenditures	<u>2,124,835</u>	<u>9,513,633</u>	<u>17,248,310</u>	<u>(7,734,677)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	-	9,341,459	(153,432)	(9,494,891)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	154,617	154,617
Other financing sources and (uses)	-	-	154,617	154,617
NET CHANGE IN FUND BALANCE	-	9,341,459	1,185	(9,340,274)
FUND BALANCE - BEGINNING	-	(9,341,459)	-	9,341,459
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185</u>	<u>\$ 1,185</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2021

	Enterprise Funds		
	School Food Services	Day Care Services	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,497,022	\$ 1,450,068	\$ 4,947,090
Receivables	177,830	-	177,830
Inventories for consumption	201,891	-	201,891
Total current assets	3,876,743	1,450,068	5,326,811
Noncurrent Assets			
General equipment	2,777,564	-	2,777,564
Accumulated depreciation	(2,510,755)	-	(2,510,755)
Total noncurrent assets	266,809	-	266,809
Total Assets	4,143,552	1,450,068	5,593,620
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	217,688	39,879	257,567
Deferred outflows related to OPEB	250,146	45,825	295,971
Total deferred outflows of resources	467,834	85,704	553,538
LIABILITIES			
Current Liabilities			
Accounts payable	58,021	614	58,635
Total current liabilities	58,021	614	58,635
Noncurrent liabilities			
Net pension liability	1,149,436	210,570	1,360,006
Net OPEB liability	792,794	145,235	938,029
Total noncurrent liabilities	1,942,230	355,805	2,298,035
Total liabilities	2,000,251	356,419	2,356,670
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	35,422	6,489	41,911
Deferred inflows related to OPEB	274,907	50,361	325,268
Total deferred inflows of resources	310,329	56,850	367,179
NET POSITION			
Net Investment in capital assets	266,809	-	266,809
Restricted	2,033,997	1,122,503	3,156,500
Total net position	\$ 2,300,806	\$ 1,122,503	\$ 3,423,309

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Enterprise Funds		
	School Food Services	Day Care Services	Total
OPERATING REVENUES			
Lunchroom sales	\$ 106,071	\$ -	\$ 106,071
Tuition	-	410,367	410,367
Total operating revenues	<u>106,071</u>	<u>410,367</u>	<u>516,438</u>
OPERATING EXPENSES			
Salaries & benefits	1,966,438	364,868	2,331,306
Purchased professional services	1,177	-	1,177
Repairs and maintenance	-	3,500	3,500
Other purchased services	27,580	-	27,580
Supplies	1,625,991	17,817	1,643,808
Dues, Fees, and miscellaneous	21,209	3,272	24,481
Depreciation	88,068	-	88,068
Total operating expenses	<u>3,730,463</u>	<u>389,457</u>	<u>4,119,920</u>
Operating income (loss)	<u>(3,624,392)</u>	<u>20,910</u>	<u>(3,603,482)</u>
NONOPERATING REVENUES (EXPENSES)			
Federal grants	3,903,644	173,052	4,076,696
Federal donated commodities	268,869	-	268,869
State grants	60,614	-	60,614
State on-behalf payments	344,067	58,403	402,470
State on-behalf payments	(344,067)	(58,403)	(402,470)
Pension expense	2,687,642	643,112	3,330,754
OPEB expense	234,083	41,309	275,392
Earnings from investments	10,274	4,087	14,361
Total nonoperating revenues (expenses)	<u>7,165,126</u>	<u>861,560</u>	<u>8,026,686</u>
Income (loss) before operating transfers	3,540,734	882,470	4,423,204
Operating transfer out	<u>(232,074)</u>	<u>-</u>	<u>(232,074)</u>
Change in net position	3,308,660	882,470	4,191,130
NET POSITION - BEGINNING	<u>(1,007,854)</u>	<u>240,033</u>	<u>(767,821)</u>
NET POSITION - ENDING	<u>\$ 2,300,806</u>	<u>\$ 1,122,503</u>	<u>\$ 3,423,309</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Enterprise Funds		
	School Food Services	Daycare Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 106,071	\$ 410,367	\$ 516,438
Payments to suppliers	(1,561,799)	(23,975)	(1,585,774)
Payments to employees	(5,232,230)	(1,107,692)	(6,339,922)
Net cash provided (used) by operating activities	<u>(6,687,958)</u>	<u>(721,300)</u>	<u>(7,409,258)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Operating grants and contributions	7,230,047	915,877	8,145,924
Net cash provided (used) by noncapital financing activities	<u>7,230,047</u>	<u>915,877</u>	<u>8,145,924</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	-	-	-
Operating transfer to general fund	(232,074)	-	(232,074)
Net cash provided (used) by capital financing activities	<u>(232,074)</u>	<u>-</u>	<u>(232,074)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	10,274	4,087	14,361
Net cash provided (used) by investing activities	<u>10,274</u>	<u>4,087</u>	<u>14,361</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	320,289	198,664	518,953
CASH AND CASH EQUIVALENTS - BEGINNING	3,176,733	1,251,404	4,428,137
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 3,497,022</u>	<u>\$ 1,450,068</u>	<u>\$ 4,947,090</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,624,392)	\$ 20,910	\$ (3,603,482)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	88,068	-	88,068
Changes in assets and liabilities:			
Receivables	(32,191)	-	(32,191)
Inventory	(78,628)	-	(78,628)
Accounts Payable	(43,892)	614	(43,278)
Net Pension Liability	(2,687,642)	(643,112)	(3,330,754)
Net OPEB Liability	(234,083)	(41,309)	(275,392)
Donated Commodities	268,869		268,869
On-behalf payments	(344,067)	(58,403)	(402,470)
Net cash provided (used) by operating activities	<u>\$ (6,687,958)</u>	<u>\$ (721,300)</u>	<u>\$ (7,409,258)</u>
Schedule of non-cash transactions:			
Donated Commodities	<u>\$ 268,869</u>	<u>\$ -</u>	
State On-behalf payments	<u>\$ 344,067</u>	<u>\$ 58,403</u>	

The accompanying notes are an integral part of the financial statements.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements presented for the Pulaski County Board of Education are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The District’s significant accounting and reporting policies are described below.

The Financial Reporting Entity

The Pulaski County Board of Education (“Board”), a five-member group, is the level of government, which has oversight responsibilities over all activities related to elementary and secondary school education within the jurisdiction of the Pulaski County Board of Education (“District”). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, 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.

As required by GAAP, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government’s operations and so data from this unit is combined with data of the primary government. Separate financial statements are not issued for this component unit.

The District’s reporting entity includes the following blended component unit:

The Pulaski County Board of Education Finance Corporation was formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities on behalf of the Board of Education of the Pulaski County School District. Under the provisions of existing Kentucky laws, the Corporation is permitted to act as an agency and instrumentality of the District for financing purposes. The Board serves as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit.

Basis of presentation and accounting

Government-wide

The Districts’ government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the District’s governmental activities. Program revenues includes (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific district functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the District are taxes and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – accounts for the general operating costs for the District and provides supports services to other funds. 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.

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

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

Non-Major Governmental Funds

District Activity Fund – The District Activity Fund is a special revenue fund type and is used to account for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

Student Activity Fund – The Student Activity Fund is a special revenue fund type and is used to account for funds received for student activity that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation, or by board action.

Capital Outlay Fund – The Support Education Excellence in Kentucky (SEEK) Fund received those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district’s facility plan (including payment of bonded lease obligations).

Facility Support Program (FSKP) fund - Facility Support Program the Facility Support Program of Kentucky (FSPK) accounts for and reports 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.

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

Propriety Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expense and Changes in Net position, and a Statement of Cash Flows. The District does not have an internal service fund.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Enterprise Funds

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

Daycare Services Fund – is used to account for and report the activities of the day care programs where a fee is charged for participating.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicate the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and fiduciary fund financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended. Revenues susceptible to accrual are interest, state and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary information

The District's budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to formally and publicly examine anticipated receipts and expenditures for the next fiscal year by January 31 (draft Budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. KDE does not require. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in the that fund may be received and expended over a period extending beyond one fiscal year. A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project.

Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimate and assumptions that affect the reported amounts of assets, deferred outflows, liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of the acquisition. For the purposes of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Deposits with Financial Institutions and Investments

The District's policy on investments primarily follow state statutes and regulations which authorize the District to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance

Prepaid items

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Inventory

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

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 acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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

Building and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District reports three types of deferred outflows-contributions to the CERS pension system after the measurement period, contributions to the TRS medical insurance fund after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows – those related to the net difference projected and actual earning on pension plan investments, and those related to the net difference projected and actual earnings on OPEB plan investments.

Pension obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from fiduciary net position on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note for Postemployment Benefits Other Than Pensions.

Net position flow assumptions

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Net position flow assumptions (Continued)

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use in a specific program or for specific purpose, the District’s normal policy is to use restricted resources first to finance its activities.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Fund balance policies

Governmental fund equity is classified as fund balance. GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions provides more clearly defined fund balance categories to make the nature and extend of the constraints place on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints place on purpose for which resources can be used:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of resources which are either.

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District’s Board of Director, which is the District’s highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts for a specific purpose. The intent of an assigned fund balance is expressed by either the District’s Board, or a subordinate high-level body, such as a finance committee, or an official, such as the superintendent, that has the authority to assign amounts to be used for assigned purposes.

Unassigned: This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)

Revenue and expenditures/expenses

Program revenues – amounts reported as program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

Property taxes – Property taxes are levied each August 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. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2020 through April 15, 2021.

Grants – unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unavailable revenue on the Balance Sheet and unearned revenue on the Statement of Net Position.

Compensated absences – upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits 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. On June 30, 2021, this amount total \$304,741.

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Violations of legal or contractual provisions

This District had no violations of legal or contractual provision in the fiscal year.

Cash deposits and cash equivalents

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

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

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

At year-end, the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents was \$19,820,438. The bank balance for the same time was \$21,101,387.

Receivables

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivable for the governmental funds:

Receivables	General Fund	Special Revenue	Total
Taxes	\$ 1,021,574	\$ -	\$ 1,021,574
Intergovernmental-state	-	140,878	140,878
Intergovernmental-federal	-	5,329,960	5,329,960
Total Receivables	<u>\$ 1,021,574</u>	<u>\$ 5,470,838</u>	<u>6,492,412</u>

Capital assets

The changes in capital assets for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities:				
Non-depreciable capital assets				
Land	\$ 3,021,177	\$ 156,025	\$ -	\$ 3,177,202
Construction in progress	1,351,023	-	-	1,351,023
Total -Non-depreciable capital assets	<u>4,372,200</u>	<u>156,025</u>	<u>-</u>	<u>4,528,225</u>
Depreciable capital assets				
Land improvements	-	-	-	-
Buildings and Building Improvments	103,035,685	5,676	-	103,041,361
Technology equipment	7,526,101	-	-	7,526,101
Vehicles	14,935,708	842,640	-	15,778,348
General equipment	2,320,636	123,985	-	2,444,621
Total - Depreciable capital assets	<u>127,818,130</u>	<u>972,301</u>	<u>-</u>	<u>128,790,431</u>
Less: Accumulated depreciation				
Land improvements	-	-	-	-
Buildings and building Improvments	44,447,058	2,320,726	-	46,767,784
Technology equipment	7,526,101	10,049	-	7,536,150
Vehicles	9,687,368	1,002,060	-	10,689,428
General equipment	1,391,604	134,688	-	1,526,292
	<u>63,052,131</u>	<u>3,467,523</u>	<u>-</u>	<u>66,519,654</u>
Governmental Activities Capital Assets - net	<u>\$ 69,138,199</u>	<u>\$ (2,339,197)</u>	<u>\$ -</u>	<u>\$ 66,799,002</u>

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Capital assets (Continued)

The changes in capital assets for the year ended June 30, 2021 are as follows (Continued):

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Business-Type Activities</u>				
Technology equipment	\$ 56,057	\$ -	\$ -	\$ 56,057
Vehicles	27,330	-	-	27,330
General equipment	2,694,177	-	-	2,694,177
Total -Non-depreciable capital assets	<u>2,777,564</u>	<u>-</u>	<u>-</u>	<u>2,777,564</u>
Less: Accumulated depreciation				
Technology equipment	56,057	-	-	56,057
Vehicles	27,330	-	-	27,330
General equipment	2,339,300	88,068	-	2,427,368
Total - Depreciable capital assets	<u>2,422,687</u>	<u>88,068</u>	<u>-</u>	<u>2,510,755</u>
Business-Type Activities Capital Assets -net	<u>\$ 354,877</u>	<u>\$ (88,068)</u>	<u>\$ -</u>	<u>\$ 266,809</u>

Pension obligations

The District participates in both the Teachers' Retirement System of the State of Kentucky (TRS) and the Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) for non-hazardous duties.

Teacher's Retirement System of the State of Kentucky (TRS)

Plan Description

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 cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: <https://trs.ky.gov/administration/financial-reports-information/>.

Pension Benefits

For member 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), or 2) complete 27 years of Kentucky service.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations (Continued)

Pension Benefits (Continued)

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

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary.

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

Contributions rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS)

Plan Description

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Public Pensions Authority (KPPA) administers CERS and has the authority to establish and amend benefit provisions. CERS was created by the Kentucky General Assembly pursuant to the provision of KRS 78.520. CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS covers employees whose positions do not require a degree, substantially all full-time classified employees and these positions are considered non-hazardous. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Kentucky Retirement System (KRS) - County Employees Retirement System (CERS) (Continued)

Pension Benefits

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

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

Contributions

CERS pension benefits are grouped into three tiers, based on the hire date:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008 and before January 1, 2014, are required to contribute 6% (non-hazardous) or 9% (hazardous) of their annual credit compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401Hh) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts as a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Kentucky Retirement System (KRS) - County Employees Retirement System (CERS) (Continued)

Contributions (Continued)

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 19.30%, insurance 4.76% for a combined total of 24.06%.

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2021, employers were required to contribute 24.06% of the member's salary. During the year ending June 30, 2021, the District contributed \$2,689,142 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$509,095. The District does not contribute to these plans.

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On June 30, 2021, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

District's proportionate share of the net CERS pension liability	\$ 35,646,400
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>139,687,284</u>
	<u>\$ 175,333,684</u>

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2020, the District's proportion was .464756%. For the year ended June 30, 2021, the District recognized CERS pension expense of \$2,157,126 (\$1,803,896 in governmental funds and \$353,230 in proprietary funds) and \$1,486,509 related to TRS. The District also recognized revenue of \$10,110,849 for TRS support provided by the Commonwealth.

On June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 888,908	\$ -
Changes of assumptions	1,391,932	-
Net difference between projected and actual earnings on pension plan	1,545,152	653,145
Changes in proportion and difference between District contributions proportionate share of contributions	767,847	445,351
District contributions subsequent to the measurement date	2,157,126	-
	<u>\$ 6,750,965</u>	<u>\$ 1,098,496</u>

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$2,157,126 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2021	\$ 1,774,266
2022	959,993
2023	402,834
2024	358,250
2025	-
Thereafter	-

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Actuarial assumptions

For TRS, the actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2017 for the fiscal year 2020 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27.4 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary Increase	3.50-7.30%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

For CERS, the actuarially determined contribution rates effective for fiscal year ending 2020 were calculated as of June 30, 2019. The following actuarial methods and assumptions were used:

Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level Percent of Pay
Amortization period	26 years, closed
Payroll Growth Rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30%-11.55%, varies by service

For TRS, the mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2010 – June 30, 2015 adopted by the TRS Board on September 19, 2016.

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 renewal rates of return by the target asset allocation percentage and by adding expected inflation.

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	4.6%
International Equity	22.0%	5.6%
Fixed Income	15.0%	0.0%
Additional Categories*	7.0%	2.5%
Real Estate	7.0%	4.3%
Private Equity	7.0%	7.7%
Cash	2.0%	-0.5%
Total	100.0%	

For CERS, the mortality table used for active member is RP-2000 Combined Mortality Table projected with Scale BB to 2013 with Scale BB (setback 1 year for females).

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity		
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	100.00%	

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Discount Rate

For TRS, the discount rates used to measure the total pension liability was 7.50%. The project of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of project benefit payments to determine the total pension liability.

For CERS, a single discount rate of 6.25% was used to measure both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2021. The single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the state stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan’s fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

The following table present the net pension liability of the district calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 43,959,768	\$ 35,646,400	\$ 28,762,616

Other postemployment benefit (OPEB) obligations

The District’s employees are provided with two OPEB plans, based on each position’s college degree requirement. TRS covers positions requiring teaching certification or otherwise requiring a college degree. The CERS covers employees whose position does not require a college degree or teaching certification. Retired district employees receive some health care benefit depending on their length of service. In accordance with Kentucky Revised Statues, these benefits are provided and advance funded on an actuarially determined basis through the TRS and CERS plans. The TRS publicly available financial report may be obtained from <https://trs.ky.gov/administration/financial-reports-information/>. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

TRS – OPEB

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of the statutory requirement to contribute to the TRS Medical Insurance (MIF) and Life Insurance Plans (LIF). The following information is about the TRS plans:

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

TRS Medical Insurance Fund (MIF)

Plan description

In addition to the retirement annuity plan described previously, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible employees and dependents. The TRS medical plan (MIF) is a cost-sharing multiple-employer defined benefit plan. The MIF is funded by employer and member contributions. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance (KDEI), and the General Assembly.

The TRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teacher's Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contribution required under KRS 161.550 and KRS 161.675(4)(b)

Benefits provided

To be eligible for medical benefits through TRS, the member must have retired either for service or disability. The TRS medical plan offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) 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. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the Kentucky Employees Health Plan. 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 TRS post-retirement healthcare benefit, seven and one-half percent (7.5%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

TRS Postemployment Life Insurance Benefits (LIF)

Plan description

TRS administers the life insurance plan as provided by KRS 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. This benefit is financed by actuarially determined contributions from the 207 participating employers. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided

The benefit TRS provides is \$5,000 for members who are retired for service or disability, and \$2,000 for active contributing members.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

TRS Postemployment Life Insurance Benefits (LIF) (Continued)

Contributions

For TRS to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members are contributed by the state.

CERS – OPEB

Plan description

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

Benefits provided

Percentage of premium subsidies for CERS ranges from 0% for less than 4 years of service to 100% for 20 years or more service. For members who initiated participation in CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the RKS health plans.

Members who began participating with KRS on or after September 1, 2008 must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retiree receives \$10 toward the monthly premium for each full year of service.

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

Contribution

CERS allocated a portion of the employer contributions to the health insurance benefit plan. For the 2020 measurement period, CERS allocated 6.21% of the 28.05% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

On June 30, 2021, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	\$ 13,367,000
District's proportionate share of the net CERS OPEB MIF liability	<u>11,219,208</u>
Total district proportionate share	\$ 24,586,208
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	<u>10,707,000</u>
	<u>\$ 35,293,208</u>

The net OPEB liability for each plan was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. For the year ended June 30, 2021, the District recognized OPEB expense of \$1,838,094 in governmental funds and \$275,392 in business-type activities.

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

On June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,874,494	\$ 7,573,958
Changes of assumptions	2,761,479	11,867
Net difference between project and actual earnings on OPEB plan investments	1,036,828	228,928
Changes in proportion and difference between District contributions and proportionate share of contributions	601,010	710,681
District contributions subsequent to the measurement date	1,483,725	-
	<u>1,483,725</u>	<u>-</u>
Total	<u>\$ 7,757,536</u>	<u>\$ 8,525,434</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,483,725 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2021. 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 ending June 30:	<u>TRS</u>	<u>CERS</u>
2021	\$ (953,000)	634,445
2022	(920,000)	744,802
2023	(926,000)	533,305
2024	(845,000)	520,347
2025	(751,000)	1,478
Thereafter	(291,000)	-

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Actuarial assumptions for TRS are as follows:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
MIF	8.00%
LIF	7.50%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
MIF	8.00%
LIF	7.50%
MIF Health Cost Trends	
Under Age 65	7.75% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2029
Ages 65 and Older	5.25% for FYE 2019 decreasing to an ultimate rate of 5.00% by FYE 2022
Medicare Part B Premiums	6.49% for FYE 2020 with an ultimate rate of 5.00% by 2031

Actuarial assumptions for CERS are as follows:

Inflation	2.3%
Payroll growth	2.0%
Salary increases, including	3.30% to 11.55%, varies by service
Investment Return	6.25%

Mortality Rates

For TRS, 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.

For CERS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back 1 year for females.

Rate of Return

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

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (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	MIF Target Allocation	30-Year Expected Geometric Real Rate of
Global Equity	58.00%	5.4%
Fixed Income	9.00%	0.0%
Real Estate	6.50%	4.3%
Private Equity	8.50%	7.7%
Other Additional Categories*	17.00%	2.5%
Cash (LIBOR)	1.00%	-0.5%
Total	100.00%	

Asset Class	LIF* Target Allocation	30-Year Expected Geometric Real Rate of
U.S. Equity	40.00%	4.30%
International Equity	23.00%	5.60%
Fixed Income	18.00%	0.00%
Real Estate	6.00%	4.30%
Private Equity	5.00%	7.70%
Other Additional Categories	6.00%	2.50%
Cash (LIBOR)	2.00%	-0.50%
Total	100.00%	

For CERS, the long-term expected rate of return on OPEB investments was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.30%
Private Equity	10.00%	6.70%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Discount Rate

For TRS, the discount rate used to measure the TOL at June 30, 2020 was 8.00% for the MIF and 7.5% for the LIF.

MIF discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 8.0%.

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019 actuarial valuation, the following actuarial methods and assumptions were used into project of cash flows.

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$7.44 PM paid to KEHP by TRS were assumed to be paid in all years by the employers as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the MIF were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following MIF statutory contributions re to be decreased, suspended or eliminated:
 - Employee contributions
 - School District/University Contributions
 - State Contributions for KEHP Premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts I the years if/when the MIF is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the MIF's funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.674(4)(b).

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

Based on these assumptions, the MIF's FNP was not projected to be depleted.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

LIF Discount rate.

The discount rate used to measure the TOL as of the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rates was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the Actuarial methods and assumptions of the June 30, 2019 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the LIF's cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%

- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy (Schedule B) determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all year by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan. Cash flows occurred mid-year.
- Based on the assumptions, the LIF's FNP was not projected to be depleted.

Long-term rate of return

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns.

Municipal bond rate

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Periods of projected benefit payments

Projected future benefit payments for all current plan members were projected through 2117.

CERS

Single discount rates of 5.34% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2020. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. There, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicitly subsidy. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Risk management

This district is exposed to various risks of loss related to forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accident, errors and omissions, fiduciary responsibility, illegal acts, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies, which are retrospectively rated and includes Workers' Compensation insurance.

Long-Term Debt

Capital Lease Payable

The District is the lessee of buses under capital leases expiring in various years through 2031. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense for fiscal year 2021.

The following is a schedule by years of the future principal payments under capital leases as of June 30, 2021:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2022	\$ 966,888
2023	877,835
2024	760,762
2025	668,638
2026	564,410
2027-2031	<u>1,319,125</u>
Net minimum lease payable	5,157,658
Amount representing interest	<u>(418,331)</u>
Present value of net minimum lease payments	<u>\$ 4,739,327</u>

Interest rates on capitalized leases vary from 1.00% to 3.75%. The capital leases provide for the buses to revert to the District at the end of the respective lease with no further payment for purchase.

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt (Continued)

Bonds

The Kentucky School Facility Construction Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting the school construction needs. Through a “participation agreement” with the District the Commission agreed to pay annual debt service requirements on behalf of the District.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2021 for debt services are as follows:

Fiscal Year	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Ending						
2022	\$ 3,610,904	\$ 1,221,863	\$ 334,096	\$ 54,716	\$ 3,945,000	\$ 1,276,579
2023	3,693,095	1,145,900	341,905	48,107	4,035,000	1,194,007
2024	3,755,327	1,074,025	334,673	41,442	4,090,000	1,115,467
2025	3,844,975	983,579	310,025	34,367	4,155,000	1,017,946
2026	3,947,023	882,807	312,977	27,416	4,260,000	910,223
2027	4,048,958	778,530	321,042	20,350	4,370,000	798,880
2028	4,155,786	665,137	119,214	13,077	4,275,000	678,214
2029	4,277,399	547,451	122,601	9,692	4,400,000	557,143
2030	3,245,009	423,398	49,991	6,186	3,295,000	429,584
2031	3,303,671	362,777	51,329	4,848	3,355,000	367,625
2032	2,194,569	299,434	30,431	3,471	2,225,000	302,905
2033	2,283,504	233,387	31,496	2,406	2,315,000	235,793
2034	2,382,401	156,075	32,599	1,304	2,415,000	157,379
2035	415,000	65,201	-	-	415,000	65,201
2036	430,000	53,236	-	-	430,000	53,236
2037	435,000	40,805	-	-	435,000	40,805
2038	455,000	27,808	-	-	455,000	27,808
2039	470,000	14,325	-	-	470,000	14,325
2040	225,000	5,070	-	-	225,000	5,070
2041	105,000	1,785	-	-	105,000	1,785
	<u>\$ 47,277,621</u>	<u>\$ 8,982,593</u>	<u>\$ 2,392,379</u>	<u>\$ 267,382</u>	<u>\$ 49,670,000</u>	<u>\$ 9,249,975</u>

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt (Continued)

A summary of changes in long-term liabilities for the year ended June 30, 2021, is as follows:

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Revenue Bonds, net of premium/discount:								
Series 2011	1.00 - 4.25%	3/1/2031	\$ 9,295,000	\$ 7,130,000	\$ -	\$ 7,130,000	\$ -	\$ -
Series 2012	2.90 - 3.37%	1/1/2032	3,185,000	2,580,000	-	2,580,000	-	-
Series 2014	1.10 - 4.00%	5/1/2034	5,950,000	5,640,000	-	55,000	5,585,000	60,000
Series 2015	1.00 - 2.35%	4/1/2026	4,500,000	3,610,000	-	130,000	3,480,000	135,000
Series 2018	3.25 - 3.625%	10/1/2038	2,775,000	2,700,000	-	75,000	2,625,000	80,000
Series 2019	1.50 - 2.50%	9/1/2039	1,450,000	1,450,000	-	45,000	1,405,000	40,000
Series 2021	1.70 - 1.70%	2/1/2041	1,835,000	-	1,835,000	-	1,835,000	80,000
Refunding Revenue Bonds, net of premium/discount:								
Series 2009R	2.00 - 3.25%	10/1/2020	2,460,000	340,000	-	340,000	-	-
Series 2010R	1.00 - 2.75%	5/1/2022	9,340,000	3,340,000	-	1,470,000	1,870,000	1,870,000
Series 2012R2	0.50 - 2.00%	8/1/2023	1,940,000	965,000	-	165,000	800,000	165,000
Series 2012R	1.50 - 2.00%	5/1/2024	1,600,000	730,000	-	140,000	590,000	145,000
Series 2016R	2.00 - 2.00%	6/1/2027	2,080,000	1,370,000	-	185,000	1,185,000	190,000
Series 2017R	2.00 - 3.00%	4/1/2029	23,685,000	21,265,000	-	770,000	20,495,000	785,000
Series 2020R	1.00 - 1.75%	3/1/2031	7,395,000	-	7,395,000.00	225,000	7,170,000	280,000
Series 2021R	1.50 - 2.15%	2/1/2032	2,630,000	-	2,630,000.00	-	2,630,000	115,000
Total Bonds			80,120,000	51,120,000	11,860,000	13,310,000	49,670,000	3,945,000
Other Liabilities:								
Capital Leases				4,775,452	941,469	977,594	4,739,327	966,888
Sick Leave				1,815,408		1,510,667	304,741	136,073
Net pension liability				33,505,917	2,140,483		35,646,400	
Net OPEB liability				23,785,679	800,529		24,586,208	
Total Other Liabilities				63,882,456	3,882,481	2,488,261	65,276,676	1,102,961
Total Governmental Activities								
Long-Term Liabilities			\$ 80,120,000	\$ 115,002,456	\$ 15,742,481	\$ 15,798,261	\$ 114,946,676	\$ 5,047,961

PULASKI COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Interfund transfers

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2021 is as follows:

	Transfers In From Other	Transfers Out To Other Funds
General Fund	\$ 1,150,737	\$ 213,548
Special Revenue Fund	154,617	-
District Activity Fund	166,918	-
Student Activity Fund	-	166,918
Capital Outlay Fund	-	736,271
Building Fund	-	5,601,554
Construction Fund	723,470	-
Food Service	-	232,074
Debt Service Fund	4,754,623	-
	<u>\$ 6,950,365</u>	<u>\$ 6,950,365</u>

- The General Fund transferred \$213,548 to the Special Revenue Fund and the Debt Service Fund for debt service payments and technology expenditures.
- The Student Activity Fund transferred \$166,918 to the District Activity Fund for purposes related to athletics.
- The Capital Outlay Fund transferred \$736,271 to the Construction Fund and the General Fund to cover construction costs.
- The Building (FSPK) Fund transferred a total of \$5,601,554 to the General Fund and Debt Service Fund to cover the costs of building projects.
- The Food Services Fund transferred \$232,074 to the General Fund to cover indirect costs.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

On-Behalf payments

The Commonwealth of Kentucky makes payments on-behalf of the District for the employer’s portion of health benefits, teacher’s retirement, technology, and debt service.

Kentucky Teachers Retirement System	\$ 10,875,705
Health, Life, Vision & Dental Insurance	9,245,102
Technology	126,316
Debt Service	387,511
Total On-Behalf Payments	<u>\$ 20,634,634</u>

Recent GASB Pronouncements

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. This statement was adopted during the current year. This statement reclassified all agency funds as special revenue funds. These funds were shifted into a new non-major governmental fund, Student Activity Funds. See also Note III – Changes In Certain Beginning Balances.

The GASB has issued several reporting standards that will become effective for fiscal year 2021 and later years’ financial statements.

- Statement No. 87, *Leases*, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires all leases to be recognized as a right-of-use asset and a lease liability, unless the lease is a short-term lease (generally a lease with a term of twelve months or less).
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, Requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.
- Statement No. 90, *Majority Equity Interests*, this statement addresses situations where a government acquires a majority interest in an equity interest in another organization.
- Statement No. 91, *Conduit Debt Obligations*, provides a single method or reporting conduit debt obligations by issuers and eliminates diversity in practice associated with related obligations, commitments, and footnote disclosures.
- Statement No. 92, *Omnibus 2020*, this statement addresses comparability in accounting and financial reporting by addressing practice issues identified during implementation and application of certain GASB pronouncements.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District’s financial position and the results of its operations when the standards are adopted.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Changes in Certain Beginning Balances

The District has implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, for these financial statements. This implementation reclassified all agency funds as special revenue funds. On the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund, this increased the beginning balance of the Student Activity Funds, a new special revenue fund for the District by \$620,751. Accordingly, the governmental activities net position as of the beginning of the year increased by \$620,751 on the District-Wide Statement of Activities.

Deficit Operating Balances

The Governmental Activities had a deficit net position at June 30, 2021, in the amount of \$ 21,485,858. The deficit net position is a result of the recording of the net pension liability and net OPEB liability for CERS as part of GASB Statements 68 and 75. The following fund had operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

District Activity Fund	\$ 50,352
Student Activity Fund	\$ 22,620
Debt Service Fund	\$ 2,145

Commitments And Contingencies

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

The District is subject to various other 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 that there will be any material effect on the basic financial statements as a result of the cases presently in progress.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net OPEB Liability – TRS and CERS
For the Fiscal Year Ended June 30, 2021

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Teacher's Retirement System of the State of Kentucky (TRS)							
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of pension liability associated with the District	139,687,284	136,531,389	133,840,262	275,575,036	303,279,104	232,487,535	208,474,524
Total	<u>\$ 139,687,284</u>	<u>\$ 136,531,389</u>	<u>\$ 133,840,262</u>	<u>\$ 275,575,036</u>	<u>\$ 303,279,104</u>	<u>\$ 232,487,535</u>	<u>\$ 208,474,524</u>
District's covered-employee payroll	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543	\$ 32,792,728
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	42.49%
County Employee Retirement System (CERS)							
District's proportion of the net pension liability	0.464756%	0.476407%	0.443614%	0.444678%	0.450032%	0.446429%	0.438221%
District's proportionate share of the net pension liability	\$ 35,646,400	\$ 33,505,917	\$ 27,017,445	\$ 26,028,370	\$ 22,157,839	\$ 19,194,327	\$ 14,217,550
State's proportionate share of the net pension liability	-	-	-	-	-	-	-
Total	<u>\$ 35,646,400</u>	<u>\$ 33,505,917</u>	<u>\$ 27,017,445</u>	<u>\$ 26,028,370</u>	<u>\$ 22,157,839</u>	<u>\$ 19,194,327</u>	<u>\$ 14,217,550</u>
District's covered-employee payroll	<u>\$ 11,186,410</u>	<u>\$ 12,164,773</u>	<u>\$ 12,416,811</u>	<u>\$ 1,187,930</u>	<u>\$ 11,041,179</u>	<u>\$ 10,948,667</u>	<u>\$ 10,596,488</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	318.66%	275.43%	217.59%	2191.07%	200.68%	175.31%	134.17%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions CERS and TRS - Pension
For the Fiscal Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Teacher's Retirement System of the State of Kentucky (TRS)							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543	\$ 32,792,728
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Employee Retirement System (CERS)							
Contractually required contribution	\$ 2,157,126	\$ 2,347,801	\$ 2,014,007	\$ 1,620,012	\$ 1,540,244	\$ 1,359,825	\$ 1,347,954
Contributions in related to the contractually required contribution	<u>2,157,126</u>	<u>2,347,801</u>	<u>2,014,007</u>	<u>1,620,012</u>	<u>1,540,244</u>	<u>1,359,825</u>	<u>1,347,954</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 1,187,930	\$ 11,041,179	\$ 10,948,667	\$ 10,596,488
District's contributions as a percentage of its covered-employee payroll	19.28%	19.30%	16.22%	136.37%	13.95%	12.42%	12.72%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension
June 30, 2021

TRS

Changes of benefit terms

None

Changes of assumptions

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 4.88%.

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

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

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

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

CERS

There have been no plan provision changes since June 30, 2019. Senate Bill 249 passed during the 2020 Legislative Session and changed the funding period of the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contributions rates that would be payable starting July 1, 2020.

Additional, House Bill 271 passed during the 2020 Legislative Session and removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It is also increased benefits for a very small number of beneficiaries. This did not have a material (measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation. There were no other material plan provisions.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB
For the Fiscal Year Ended June 30, 2021

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.529636%	0.529000%	0.529000%	0.540600%
District's proportionate share of the collective net OPEB liability	\$ 13,367,000	\$ 15,656,000	\$ 18,355,000	\$ 19,278,000
State's proportionate share of the collective net OPEB liability associated with the District	10,707,000	12,643,000	15,818,000	15,748,000
Total	<u>\$ 24,074,000</u>	<u>\$ 28,299,000</u>	<u>\$ 34,173,000</u>	<u>\$ 35,026,000</u>
District's covered-employee payroll	\$ 31,725,731	\$ 34,841,873	33,628,697	\$ 35,123,808
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	42.13%	44.93%	54.58%	54.89%
Plan fiduciary net position as a percentage of the total OPEB	39.05%	32.58%	25.50%	21.20%
LIFE INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	324,000	294,000	271,000	211,000
Total	<u>\$ 324,000</u>	<u>\$ 294,000</u>	<u>\$ 271,000</u>	<u>\$ 211,000</u>
District's covered-employee payroll	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	71.57%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB
For the Fiscal Year Ended June 30, 2021

	2021	2020	2019	2018
MEDICAL INSURANCE PLAN				
Contractually required contribution	\$ 951,709	\$ 594,043	\$ 653,124	\$ 525,833
Contributions in relation to the contractually required contribution	951,709	594,043	653,124	525,833
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	3.00%	1.70%	1.94%	1.50%
LIFE INSURANCE PLAN				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS
For the Fiscal Year Ended June 30, 2021

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.464622%	0.483347%	0.443598%	0.444678%
District's proportionate share of the collective net OPEB liability	\$ 11,219,208	\$ 8,129,679	\$ 7,875,994	\$ 8,939,549
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-
Total	<u>\$ 11,219,208</u>	<u>\$ 8,129,679</u>	<u>\$ 7,875,994</u>	<u>\$ 8,939,549</u>
District's covered-employee payroll	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 1,187,930
District's proportionate share of the collective net OPEB as a percentage of its covered-employee payroll	100.29%	66.83%	63.43%	752.53%
Plan fiduciary net position as a percentage of the total OPEB	51.67%	60.44%	57.62%	52.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS
For the Fiscal Year Ended June 30, 2021

	2021	2020	2019	2018
HEALTH INSURANCE PLAN				
Contractually required contribution	\$ 532,016	\$ 594,043	\$ 653,124	\$ 525,833
Contributions in relation to the contractually required contribution	532,016	594,043	653,124	525,833
Contribution deficiency (excess)	\$ -	\$ -		\$ -
District's covered-employee payroll	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 1,187,930
District's contributions as a percentage of it's covered-employee payroll	4.76%	4.88%	5.26%	44.26%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB
June 30, 2021

TRS

Note I - Changes of Benefit Terms

MIF

- None

LIF

- None

Note II - Changes to assumptions or other inputs

MIF

- Updated Health Care Cost Trend Rates

LIF

- None

CERS

The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34% for the non-hazardous fund. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2021 GASB No. 75 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

PULASKI COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Construction Fund	Total Non-Major Funds
ASSETS						
Cash and cash equivalents	\$ 536,746	\$ 598,681	\$ 369,962	\$ 42,397	\$ 2,041,934	\$ 3,589,720
Interfund receivables	-	-	-	-	-	-
Receivables						
Taxes-current	-	-	-	-	-	-
Intergovernmental - state	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>536,746</u>	<u>598,681</u>	<u>369,962</u>	<u>42,397</u>	<u>2,041,934</u>	<u>3,589,720</u>
LIABILITIES						
Accounts payable	8,328	550	-	-	6,997	15,875
Interfund payable	-	-	-	-	-	-
Accrued Salaries & Benefits	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>8,328</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>6,997</u>	<u>15,875</u>
FUND BALANCE						
Non-Spendable	-	-	-	-	-	-
Restricted	528,418	598,131	369,962	42,397	2,034,937	3,573,845
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>528,418</u>	<u>598,131</u>	<u>369,962</u>	<u>42,397</u>	<u>2,034,937</u>	<u>3,573,845</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 536,746</u>	<u>\$ 598,681</u>	<u>\$ 369,962</u>	<u>\$ 42,397</u>	<u>\$ 2,041,934</u>	<u>\$ 3,589,720</u>

PULASKI COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2021

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Construction Fund	Total Non-Major Funds
Revenues						
From Local Sources						
Taxes						
Property	\$ -	\$ -	\$ -	\$ 3,807,620	\$ -	\$ 3,807,620
Motor vehicle	-	-	-	-	-	-
Franchise	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Earnings on investments	1,746	-	-	-	2,520	4,266
Tuition	-	-	-	-	-	-
Student activities	-	591,253	-	-	-	591,253
Other local revenue	7,026	-	-	-	-	7,026
Intergovernmental - state	-	-	736,271	1,835,386	-	2,571,657
Intergovernmental - federal	-	-	-	-	-	-
Total revenues	8,772	591,253	736,271	5,643,006	2,520	6,981,822
EXPENDITURES						
Instruction	165,499	446,955	-	-	-	612,454
Support services						
Student	2,417	-	-	-	-	2,417
Instructional staff	29,118	-	-	-	-	29,118
District Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	28,847	-	-	-	-	28,847
Student Transportation	-	-	-	-	-	-
Community Services Operations	-	-	-	-	-	-
Building acquisitions/construction	-	-	-	-	967,911	967,911
Other Non-Instructional Services	161	-	-	-	-	161
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	226,042	446,955	-	-	967,911	1,640,908
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	(217,270)	144,298	736,271	5,643,006	(965,391)	5,340,914
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	1,835,000	1,835,000
Underwriter's Discount	-	-	-	-	(7,340)	(7,340)
Capital Lease Proceeds	-	-	-	-	-	-
Gain on Equipment	-	-	-	-	-	-
Operating transfers in (out)	166,918	(166,918)	(736,271)	(5,601,554)	723,470	(5,614,355)
Total other financing sources and (uses)	166,918	(166,918)	(736,271)	(5,601,554)	2,551,130	(3,786,695)
NET CHANGE IN FUND BALANCE	(50,352)	(22,620)	-	41,452	1,585,739	1,554,219
FUND BALANCE - BEGINNING (Restated)	578,770	620,751	369,962	945	449,198	2,019,626
FUND BALANCE - ENDING	\$ 528,418	\$ 598,131	\$ 369,962	\$ 42,397	\$ 2,034,937	\$ 3,573,845

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity Funds
For the Year Ended June 30, 2021

School	CASH			CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	PAYABLES June 30,	DUE TO STUDENT GROUPS June 30, 2021
	BALANCES July 1, 2020	RECEIPTS	DISBURSEMENTS				
Pulaski High School	\$ 182,614	\$ 164,872	\$ 161,675	\$ 185,811	\$ -	\$ -	\$ 185,811
Southwestern High School	194,724	135,777	154,905	175,596	-	-	175,596
Northern Middle School	83,059	110,191	116,317	76,933	-	550	76,383
Southern Middle School	82,875	75,375	72,781	85,469	-	-	85,469
Burnside Elementary	7,343	1,063	433	7,973	-	-	7,973
Eubank Elementary	12,544	10,916	7,345	16,115	-	-	16,115
Nancy Elementary	2,440	9,752	9,705	2,487	-	-	2,487
Northern Elementary	5,326	9,990	9,973	5,343	-	-	5,343
Oakhill Elementary	5,241	10,935	11,065	5,111	-	-	5,111
Pulaski Co. Elementary	15,590	36,760	39,821	12,529	-	-	12,529
Shopville Elementary	3,970	19,055	21,071	1,954	-	-	1,954
Southern Elementary	25,025	6,567	8,232	23,360	-	-	23,360
Total Student Activity Funds	\$ 620,751	\$ 591,253	\$ 613,323	\$ 598,681	\$ -	\$ 550	\$ 598,131

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity Fund
Pulaski County High School
For the Year Ended June 30, 2021

Activity	CASH			CASH			DUE TO
	BALANCES	RECEIPTS	DISBURSEMENTS	BALANCES	RECEIVABLES	PAYABLES	STUDENT
	July 1, 2020	AND TRANSFERS	AND TRANSFERS	June 30, 2021	June 30, 2021	June 30,	GROUPS
						June 30,	June 30,
AGRI-MECHANICS	\$ 4,236	\$ -	\$ 268	\$ 3,968	\$ -	\$ -	\$ 3,968
AG-PRO CLUB	13,467	16,444	8,293	21,618	-	-	21,618
INTEREST EARNED	184	561	184	561	-	-	561
ART CLUB	97	-	-	97	-	-	97
ATHLETICS	18,004	67,961	59,139	26,826	-	-	26,826
BAND	193	-	-	193	-	-	193
AP HUMAN GEO	9	-	9	-	-	-	-
FCS LAB FEES	170	-	-	170	-	-	170
CULINARY ART CLUB	634	1,798	1,140	1,292	-	-	1,292
CULINARY LAB FEE	185	-	150	35	-	-	35
3-D PRINT DONATIONS	423	-	-	423	-	-	423
GENERAL FUNDS	1,506	2,293	-	3,799	-	-	3,799
ROTC	4,429	1,226	-	5,655	-	-	5,655
BIOMED LAB FEES	100	-	-	100	-	-	100
PARKING	-	310	-	310	-	-	310
HISTORY ACCOUNT	-	108	100	8	-	-	8
SPECIAL ED	414	405	114	705	-	-	705
PIT STOP	29,566	6,184	12,584	23,166	-	-	23,166
TECHNOLOGY ED CLUB	7	-	7	-	-	-	-
CHORUS CLUB	3,857	5,058	6,259	2,656	-	-	2,656
HISTORY CLUB	45	-	45	-	-	-	-
FISHING CLUB	1,600	1,301	1,369	1,532	-	-	1,532
ADVANCED PLACEMENT	2,850	69	85	2,834	-	-	2,834
BOOK CLUB	599	50	599	50	-	-	50
YSC	305	866	721	450	-	-	450
STLP CLUB	955	-	-	955	-	-	955
UNITED WAY/YSC	875	26	-	901	-	-	901
DISC COLF CLUB	266	-	242	24	-	-	24
CHEERLEADERS	312	-	-	312	-	-	312
DANCE TEAM	10	-	-	10	-	-	10
DECA	17,474	1,860	5,587	13,747	-	-	13,747
ENVIRONMENTAL CLUB	409	-	409	-	-	-	-
FBLA	3,789	1,032	1,082	3,739	-	-	3,739
FCA	1,818	-	-	1,818	-	-	1,818
FFA	2,597	13,608	9,529	6,676	-	-	6,676
FCCLA	3,019	1,795	836	3,978	-	-	3,978
NHS	3,297	1,844	1,845	3,296	-	-	3,296
PEP CLUB	244	-	-	244	-	-	244
UNITED WAY/YSC	10	-	-	10	-	-	10
DRAMA CLUB	1,521	410	724	1,207	-	-	1,207
STUDENT COUNCIL	1,113	-	-	1,113	-	-	1,113
BOYS GOLF BOOSTERS	489	-	410	79	-	-	79
EDUCATORS RISING	485	-	-	485	-	-	485
PROM	4,335	4,230	3,802	4,763	-	-	4,763
REGION BASKETBALL TOURN.	10,936	10,574	16,838	4,672	-	-	4,672
CHESS CLUB	71	-	-	71	-	-	71
RPG CLUB	444	-	-	444	-	-	444

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity Fund
Pulaski County High School
For the Year Ended June 30, 2021 (continued)

Y-CLUB	3,130	15	860	2,285	-	-	2,285
BOYS BASKETBALL BOOSTERS	1,115	108		1,223	-	-	1,223
SOFTBALL BOOSTERS	9,399	3,630	10,636	2,393	-	-	2,393
GIRLS SOCCER BOOSTERS	1,919	863	2,782	-	-	-	-
BOYS SOCCER BOOSTERS	689	863	-	1,552	-	-	1,552
CROSS COUNTRY BOOSTERS	140	-	140	-	-	-	-
VOLLEYBALL BOOSTERS	9,339	11,646	6,984	14,001	-	-	14,001
GIRLS GOLF BOOSTER ACCT.	101	-	-	101	-	-	101
PROJECT GRADUATION	2,283	600	1,899	984	-	-	984
FEUD FOR FOOD-YSC	586	22	-	608	-	-	608
TENNIS	2,619	600	260	2,959	-	-	2,959
KOOL KARDZ KLUB	1,218	-	-	1,218	-	-	1,218
YEARBOOK	402	3,016	2,319	1,099	-	-	1,099
ARCHERY BOOSTER CLUB	525	6,122	5,537	1,110	-	-	1,110
ART CLUB	27		27	-	-	-	-
MEDIA CLUB	329	-	-	329	-	-	329
BOOK CLUB	451	377	-	828	-	-	828
JROTC NATIONALS ACCOUNT	1,059	280	-	1,339	-	-	1,339
J.W. SCIENCE LAB CLASS	370	-	-	370	-	-	370
SWIM TEAM	71	1,275	838	508	-	-	508
SADDLE UP CLUB	203	-	-	203	-	-	203
ANIME CLUB	4	-	-	4	-	-	4
ACADEMIC TEAM FUNDRAISERS	37	-	-	37	-	-	37
ROBOTICS CLUB	772	-	-	772	-	-	772
BETA CLUB	1,787	-	-	1,787	-	-	1,787
SPANISH NATL HONOR SOC.	130	-	-	130	-	-	130
PBIS	536	-	-	536	-	-	536
LINK CREW	370	-	-	370	-	-	370
ROCKET CLUB	189	-	-	189	-	-	189
AP STUDY FUND	363	-	363	-	-	-	-
AP BIOLOGY	44	-	44	-	-	-	-
HOSA	1,601	846	826	1,621	-	-	1,621
SCIENCE OLYMPIAD	129	-	-	129	-	-	129
AP EUROPEAN	72	-	72	-	-	-	-
BIOMED/ENGINEERING CLUB	636	-	-	636	-	-	636
BIO-DONATIONS	1,428	-	-	1,428	-	-	1,428
DAF GENERAL SWEEP	1,192	13,186	14,308	70	-	-	70
DAF ATHLETICS SWEEP		35	35		-	-	-
Subtotal	182,614	183,497	180,300	185,811	-	-	185,811
Interfund Transfers		18,625	18,625				
Total	\$ 182,614	\$ 164,872	\$ 161,675	\$ 185,811	\$ -	\$ -	\$ 185,811

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity Fund
Southwestern High School
For the Year Ended June 30, 2021

Activity	CASH			CASH			DUE TO
	BALANCES	RECEIPTS	DISBURSEMENTS	BALANCES	RECEIVABLES	PAYABLES	STUDENT
	July 1, 2020	AND TRANSFERS	AND TRANSFERS	June 30, 2021	June 30, 2021	June 30,	GROUPS
							June 30,
SR-PROJECT GRADUATION	\$ 9,610	\$ 500	\$ 2,055	\$ 8,055	\$ -	\$ -	\$ 8,055
HOSA	509	420	142	787	-	-	787
Art Club	1,532	-	-	1,532	-	-	1,532
EDUCATORS RISING	419	-	-	419	-	-	419
Band Club	25	-	-	25	-	-	25
Drama Club	2,673	-	-	2,673	-	-	2,673
YOUNG REPUBLICANS	110	-	-	110	-	-	110
CHORUS	415	-	-	415	-	-	415
3D ARCHERY	265	-	-	265	-	-	265
DECA	2,687	-	44	2,643	-	-	2,643
FBLA	10,167	-	98	10,069	-	-	10,069
FCA	40	-	-	40	-	-	40
FFA	4,972	717	425	5,264	-	-	5,264
FCCLA	3,203	-	886	2,317	-	-	2,317
LINK CREW	1,465	324	116	1,673	-	-	1,673
FOREIGN LANGUAGE	12	-	-	12	-	-	12
SENIOR CLASS	291	-	-	291	-	-	291
FACS	6,993	-	492	6,501	-	-	6,501
INTEREST	1,448	517	250	1,715	-	-	1,715
YOUTH SERVICE CENTER	2,622	2,763	2,957	2,428	-	-	2,428
NHS	5,827	910	997	5,740	-	-	5,740
ACADEMIC TEAM	10	-	-	10	-	-	10
ROTC	5,202	1,705	5,710	1,197	-	-	1,197
SPANISH CLUB	585	-	-	585	-	-	585
STUDENT GOV'T	148	-	-	148	-	-	148
TECH/STLP	18	-	-	18	-	-	18
TRADING POST	9,154	-	100	9,054	-	-	9,054
VENDING	91	-	-	91	-	-	91
YEARBOOK	7,742	1,882	2,770	6,854	-	-	6,854
ENVIRONMENTAL CLUB	1,447	-	330	1,117	-	-	1,117
UNITE CLUB	42	-	-	42	-	-	42
BIOLOGY/TRIP	197	-	-	197	-	-	197
PROM	16,980	4,140	8,078	13,042	-	-	13,042
AGRICULTURE	957	-	-	957	-	-	957

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity Fund
Southwestern High School
For the Year Ended June 30, 2021 (continued)

LIBRARY	56	368	17	407	-	-	407
VENDING II	20	-	-	20	-	-	20
ATHLETIC/GENERAL	66,742	59,895	68,828	57,809	-	-	57,809
GIRLS BASKETBALL	787	-	50	737	-	-	737
BOYS BASKETBALL	2,178	4,581	3,454	3,305	-	-	3,305
GIRLS SOCCER	5,229	-	875	4,354	-	-	4,354
BOYS SOCCER	725	-	-	725	-	-	725
GIRLS GOLF	1,446	850	1,397	899	-	-	899
BOYS GOLF	179	750	-	929	-	-	929
GIRLS VOLLEYBALL	213	76	-	289	-	-	289
BASEBALL	1,105	500	500	1,105	-	-	1,105
TRACK	682	2,085	908	1,859	-	-	1,859
CROSS COUNTRY	289	4,259	4,223	325	-	-	325
SWIM	295	296	326	265	-	-	265
TENNIS	2,136	841	309	2,668	-	-	2,668
CHEERLEADERS	1,698	26,878	28,179	397	-	-	397
DANCE	2,241	259	-	2,500	-	-	2,500
FOOTBALL	2,030	886	1,170	1,746	-	-	1,746
STUDENT ASSISTANCE	100	-	-	100	-	-	100
SPORTS UNIFORMS	2,221	-	-	2,221	-	-	2,221
HEALTH/PE	4	-	-	4	-	-	4
ARCHERY	4,081	-	168	3,913	-	-	3,913
FISHING	117	-	-	117	-	-	117
WARRIOR NATION	402	-	-	402	-	-	402
ROBOTICS	462	513	190	785	-	-	785
BIO-MEDICAL	1,428	-	-	1,428	-	-	1,428
SWEEP	-	20,854	20,853	1	-	-	-
Subtotal	194,724	137,769	156,897	175,596	-	-	175,595
Interfund Transfers	-	1,992	1,992	-	-	-	-
Total	<u>\$ 194,724</u>	<u>\$ 135,777</u>	<u>\$ 154,905</u>	<u>\$ 175,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,595</u>

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through Kentucky Department of Education: School Breakfast Program	10.553	7760005-20		\$ 91,010
Summer Food Service Program for Children	10.559	7690024-20 7690024-21 7740023-20 7740023-21		56,008 269,502 545,039 2,622,451
National School Lunch Program	10.555	7750002-20		144,950
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	4003435		347,018
TOTAL CHILD NUTRITION CLUSTER				<u>4,075,978</u>
Passed Through Kentucky Department of Education: Child and Adult Care Food Program	10.558	7790021-20 7790021-21 7800016-20 7800016-21		11,239 89,880 903 6,573 <u>108,595</u>
State Administrative Expense for Child Nutrition	10.560	7700001-20		<u>15,203</u>
Fresh Fruit and Vegetable Program	10.582	7720012-20		<u>33,897</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE				<u>4,233,673</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>				
National Guard Civilian Youth Opportunities	12.404	Direct		<u>133,982</u>
TOTAL UNITED STATES DEPARTMENT OF DEFENSE				<u>133,982</u>
<u>UNITED STATES DEPARTMENT OF THE TREASURY</u>				
Passed Through Kentucky's Office of State Budget Director and Kentucky Department of Education: COVID-19 - Coronavirus Relief Funds	21.019	CARES		<u>1,864,313</u>
TOTAL UNITED STATES DEPARTMENT OF THE TREASURY				<u>1,864,313</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027A	3810002-18 3810002-19 3810002-20		20,547 395,012 1,792,337 <u>2,207,896</u>
Passed Through Kentucky Department of Education: Special Education Preschool Grants	84.173A	3800002-18 3800002-20		246 41,481 <u>41,727</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>2,249,623</u>

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

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Passed Through Kentucky Department of Education: Adult Education - State Grant Program	84.002			<u>33,242</u>
Passed Through Kentucky Department of Education: Title I Grants to Local Educational Agencies	84.010	PON2-540-2000002744		<u>131,603</u>
Title I Grants to Local Educational Agencies	84.010A	3100002-18		935
		3100002-19		499,774
		3100002-20		2,224,290
		3100202-19		4,709
		3100202-21		71,902
		3100102-19		4,333
		3100102-20		58,310
				<u>2,864,253</u>
Total Title I Grants To Local Education Agencies				<u>2,995,856</u>
Passed Through Kentucky Department of Education: Migrant Education State Grant Program	84.011A	3110002-19		105,165
		3110002-20		34,378
				<u>139,543</u>
Passed Through Kentucky Department of Education: Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	S013A200017		<u>22,729</u>
Passed Through Kentucky Department of Education: Career and Technical Education -- Basic Grants to States	84.048	3710002-18		2,222
		3710002-19		24,184
		3710002-20		98,866
				<u>125,272</u>
Passed through Berea College Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A180018A-19		75,838
		P334A180018A-20		469,940
				<u>545,778</u>
Passed Through Kentucky Department of Education: Rural Education	84.358B	3140002-19		65,755
		3140002-20		84,129
				<u>149,884</u>
Passed Through Kentucky Department of Education: English Language Acquisition State Grants	84.365A	3300002-18		7,329
		3300002-19		14,762
		3300002-20		11,754
				<u>33,845</u>
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grants	84.367	3230002-19		2,450
		3230002-20		402,376
				<u>404,826</u>
Passed Through Kentucky Department of Education: School Improvement Grants - Title I School Improvement	84.377A	3100302-16		<u>17,425</u>
Passed Through Kentucky Cabinet for Health and Family Services: Race To The Top - Early Learning Challenge	84.412	L356698		<u>2,113</u>
Passed Through Kentucky Department of Education: Student Support and Academic Enrichment Program	84.424A	3420002-18		35,391
		3420002-19		23,367
		3420002-20		136,506
				<u>195,264</u>

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

PULASKI COUNTY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2021
 (Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Passed Through Kentucky Department of Education: Education Stabilization Fund COVID-19 - Governor's Emergency Education Relief Fund	84.425C	CARE-20		<u>366,070</u>
Passed Through Kentucky Department of Education: Elementary and Secondary School Emergency Relief Fund	84.425D 84.425D 84.425D	4000002-20 4000003-20 4200002-21		1,899,234 20,763 <u>2,268,065</u> <u>4,188,062</u>
Total Education Stabilization Fund				<u>4,554,132</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION				<u>11,469,532</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Kentucky Cabinet for Health and Family Services: Child Care and Development Block Grant	93.575	CARES CRRSA		43,663 <u>63,840</u> <u>107,503</u>
Passed Through Kentucky Department of Education: Assistance Programs for Chronic Disease Prevention and Control	93.945	2200001-19 2200001-20		2,418 <u>7,068</u> <u>9,486</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>116,989</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 17,818,489</u>

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

PULASKI COUNTY SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Pulaski County School District under the programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Pulaski County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2. Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represents adjustment or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disburse. For the year ended June 30, 2021, the District received food commodities totaling \$347,018.

Note 4. Indirect Cost Rate

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

Note 5. Subrecipients

The Pulaski County School District had no federal grant subrecipients during the fiscal year.



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Kentucky State Committee for School District Audits
Board of Education of the Pulaski County School District
Somerset, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pulaski County School District's basic financial statements, and have issued our report thereon dated November 11, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

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.

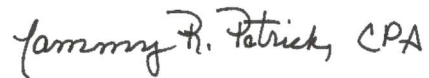
Compliance and Other Matters

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

We noted certain matters that we reported to management of the Pulaski County School District in a separate letter dated November 11, 2021.

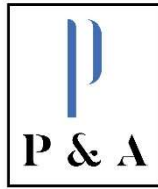
Purpose of this Report

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.

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

November 11, 2021



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance

Kentucky State Committee for School District Audits
Board of Education of the Pulaski County School District
Somerset, KY

Report on Compliance for Each Major Federal Program

We have audited the Pulaski County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Pulaski County School District's major federal programs for the year ended June 30, 2021. Pulaski County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Pulaski County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. 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 the Pulaski County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Pulaski County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

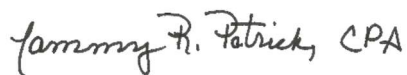
Report on Internal Control over Compliance

Management of the Pulaski County School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Pulaski County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pulaski County School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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.



Tammy R. Patrick, CPA

Patrick & Associates, LLC

November 11, 2021

Schedule of Findings and Questioned Costs

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type or report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	COVID-19 - Coronavirus Relief Funds [CFDA 21.019] COVID-19 - Education Stabilization Fund [CFDA 84.425C and CFDA 84.425D]
Dollar threshold of Type A and B programs?	\$750,000
Low risk auditee?	Yes

SUMMARY OF AUDITOR'S RESULTS

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

No major federal award findings

SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year findings.

APPENDIX C

**Pulaski County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 16th day of February, 2022 by and between the Board of Education of Pulaski County, Kentucky School District ("Board"); the Pulaski County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$2,515,000 of the Corporation's School Building Revenue Bonds, Series of 2022, dated February 16, 2022 ("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 ("Municipal 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, commencing with the fiscal year ending June 30, 2022, to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of this 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 September 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 Municipal Advisor and approved by the authorized representatives of the Board and the Corporation is hereby incorporated in this Agreement as fully as if copied herein and the "annual financial information" required under Section 1 hereof shall in summary form update the specific information set forth in said FOS.

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

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

Chairman

Attest:

Secretary

**PULASKI COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

President

Attest:

Secretary

APPENDIX D

**Pulaski County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$2,515,000*

**Pulaski County School District Finance Corporation
School Building Revenue Bonds, Series of 2022
Dated as of February 16, 2022**

SALE: January 26, 2022 AT 1:00 P.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Pulaski County School District Finance Corporation ("Corporation") will until January 26, 2022, at the hour of 1:00 P.M., E.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to \$250,000.

**PULASKI COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

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

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance roof replacement at Northern Middle School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building property to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2022; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the building(s) constituting the Project (the "Parity Bonds").

Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of Bonds have the right to have a receiver appointed to administer the school building Project property but foreclosure and sale are not available as remedies.

The rental of the school building Project property from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project property is leased to the Board for the initial period ending June 30, 2022, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease 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.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately 62% of the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately 62% of the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2022; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the biennium ending June 30, 2022. Inter alia, the Budget provides \$129,504,400 in FY 2018-19 and \$128,672,400 in FY 2020-20 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.

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from February 16, 2022, payable on August 1, 2022, and semi annually thereafter and shall mature as to principal on February 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$105,000	2033	\$125,000
2024	105,000	2034	130,000
2025	110,000	2035	130,000
2026	110,000	2036	135,000
2027	110,000	2037	135,000
2028	115,000	2038	140,000
2029	115,000	2039	140,000
2030	120,000	2040	145,000
2031	120,000	2041	150,000
2032	125,000	2042	150,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$250,000 which may be applied in any or all maturities.

The Bonds maturing on or after February 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2030, 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.

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 Bonds are to be issued in fully registered form (both principal and interest). The Citizens National Bank of Somerset, Somerset, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. 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 August 1 and February 1 of each year, beginning August 1, 2022 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

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

(B) 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 Bond Sale, 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.

(C) The minimum bid shall be not less than \$2,464,700 (98% 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.

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

(E) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$2,515,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by \$250,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$2,265,000 or a maximum of \$2,765,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$5,000 of Bonds as the price per \$5,000 for the \$2,515,000 of Bonds bid.

(F) 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 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 January 26, 2022.

(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).

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

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

(I) 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.

(J) Bids need not be accompanied by a certified or bank cashier's good faith check, BUT the successful bidder will be required to wire transfer an amount equal to 2% of the amount of the principal amount of Bonds awarded to the order of the Corporation by the close of business on the day following the award. Said good faith amount which will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for said Bonds unless delivery is made within 45 days from the date the bid is accepted.

(K) Delivery will be made utilizing the DTC Book-Entry-Only-System.

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

(M) 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 160.470(12)(a) 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 160.470(12)(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 \$57,158 to be applied to 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 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.

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 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 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

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

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are NOT "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

(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 interest on the Bonds will not be a specific item of tax preference for purposes of computing the Federal alternative minimum tax.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of MORE than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds may NOT be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co., effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners

of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

**PULASKI COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ Patrick Richardson
Secretary

APPENDIX E

**Pulaski County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Official Bid Form

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

The Pulaski County School District Finance Corporation ("Corporation" or "Issuer"), will until 1:00 P.M., E.S.T., on January 26, 2022, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$2,515,000 School Building Revenue Bonds, Series of 2022, dated February 16, 2022; maturing February 1, 2023 through 2042 ("Bonds").

We hereby bid for said \$2,515,000* principal amount of Bonds, the total sum of \$ _____ (not less than \$2,464,700) plus accrued interest from February 16, 2022 payable August 1, 2022 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on February 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2023	\$105,000	_____%	2033	\$125,000	_____%
2024	105,000	_____%	2034	130,000	_____%
2025	110,000	_____%	2035	130,000	_____%
2026	110,000	_____%	2036	135,000	_____%
2027	110,000	_____%	2037	135,000	_____%
2028	115,000	_____%	2038	140,000	_____%
2029	115,000	_____%	2039	140,000	_____%
2030	120,000	_____%	2040	145,000	_____%
2031	120,000	_____%	2041	150,000	_____%
2032	125,000	_____%	2042	150,000	_____%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$2,765,000 of Bonds or as little as \$2,265,000 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 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 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 January 26, 2022.

(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. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

The successful bidder may elect to notify the Municipal 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 on February 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

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

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about February 16, 2022 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

_____ Bidder

By _____ Authorized Officer

_____ Address

Total interest cost from February 16, 2022, to final maturity \$ _____

Plus discount or less any premium \$ _____

Net interest cost (Total interest cost plus discount or less any premium) \$ _____

Average interest rate or cost (ie NIC) _____ %

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

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

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2023	_____,000	_____%	2033	_____,000	_____%
2024	_____,000	_____%	2034	_____,000	_____%
2025	_____,000	_____%	2035	_____,000	_____%
2026	_____,000	_____%	2036	_____,000	_____%
2027	_____,000	_____%	2037	_____,000	_____%
2028	_____,000	_____%	2038	_____,000	_____%
2029	_____,000	_____%	2039	_____,000	_____%
2030	_____,000	_____%	2040	_____,000	_____%
2031	_____,000	_____%	2041	_____,000	_____%
2032	_____,000	_____%	2042	_____,000	_____%

Dated: January 26, 2022

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