

DATED MARCH 8, 2022

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

RATING
Moody's: " "

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

\$1,045,000*
GREENUP COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2022

Dated with Delivery: April 6, 2022

Due: as shown below

Interest on the Bonds is payable each April 1 and October 1, beginning October 1, 2022. The Bonds will mature as to principal on April 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-Apr	Amount*	Rate	Yield	CUSIP	1-Apr	Amount*	Rate	Yield	CUSIP
2023	\$40,000	%	%		2033	\$50,000	%	%	
2024	\$40,000	%	%		2034	\$55,000	%	%	
2025	\$45,000	%	%		2035	\$55,000	%	%	
2026	\$45,000	%	%		2036	\$55,000	%	%	
2027	\$45,000	%	%		2037	\$60,000	%	%	
2028	\$45,000	%	%		2038	\$60,000	%	%	
2029	\$45,000	%	%		2039	\$60,000	%	%	
2030	\$45,000	%	%		2040	\$65,000	%	%	
2031	\$50,000	%	%		2041	\$65,000	%	%	
2032	\$50,000	%	%		2042	\$70,000	%	%	

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 Greenup 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 Greenup County Board of Education.

The Greenup County (Kentucky) School District Finance Corporation will until March 16, 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, 700 Louisville Rd, Carriage House, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$105,000.**

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.



**GREENUP COUNTY, KENTUCKY
BOARD OF EDUCATION**

Mary Kay McGinnis-Ruark, Chairperson
Lance Warnock, Member
Linda Wellman, Member
Carl Cotton, Member
Sandy Mosser, Member

Traysea Moresea, Superintendent/Secretary

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

Mary Kay McGinnis-Ruark, President
Lance Warnock, Member
Linda Wellman, Member
Carl Cotton, Member
Sandy Mosser, Member

Traysea Moresea, Secretary
Rebecca Fyffe, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

First & Peoples Bank and Trust Company
Russell, 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 Greenup 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**

\$1,045,000*

**GREENUP 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 Greenup County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2022 (the "Bonds").

The Bonds are being issued to finance improvements at Greysbranch Elementary School (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 Project (as hereinafter defined) to the Greenup 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 Greenup County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds, the Participation Agreement and the Lease Agreement, dated April 6, 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 162.290 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 \$46,652 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
2020-22	<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
2011-REF	\$2,325,000	\$835,000	\$1,845,938	\$479,062	2.600% - 2.625%	2023
2013-ENERGY	\$1,380,000	\$870,000	\$1,380,000	\$0	1.850%	2028
2013	\$785,000	\$420,000	\$339,424	\$445,576	3.000% - 4.250%	2033
2016-REF	\$4,745,000	\$3,645,000	\$4,018,873	\$726,127	2.000% - 3.000%	2027
2020	\$1,570,000	\$1,505,000	\$785,000	\$785,000	2.000% - 2.500%	2040
2020-REF	\$1,065,000	\$970,000	\$694,429	\$370,571	1.000% - 1.150%	2030
TOTALS:	\$11,870,000	\$8,245,000	\$9,063,664	\$2,806,336		

AUTHORITY

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

- i) the issuance of approximately \$1,045,000 of Bonds subject to a permitted adjustment of \$105,000;
- ii) the advertisement for the public sale of the Bonds;
- iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,
- iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated April 6, 2022, will bear interest from that date as described herein, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2022, and will mature as to principal on April 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). First & Peoples Bank and Trust Company, Russell, 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 October 1 and April 1 of each year, beginning October 1, 2022 (Record Date is the 15th day of month preceding interest due date).

Redemption

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

Redemption Date	Redemption Price
April 1, 2029 and thereafter	100%

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part 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 Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the Project; provided, however, said lien and pledge are on parity with the liens and pledges securing the Corporation's outstanding School Building Revenue Bonds issued to improve the building in which the Project is located.

The Lease; Pledge of Rental Revenues

The Board has leased the school Project securing the Bonds for an initial period from April 6, 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 April 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.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately \$46,652 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately sixty-six percent (66%) of the debt service of the Bonds.

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

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 improvements at Greysbranch Elementary School (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 44% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	-----Series 2022 Revenue Bonds-----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2022	\$1,104,442						\$1,104,442
2023	\$1,094,131	\$40,000	\$28,928	\$68,928	\$46,652	\$22,276	\$1,116,406
2024	\$1,100,046	\$40,000	\$28,535	\$68,535	\$46,652	\$21,883	\$1,121,929
2025	\$792,797	\$45,000	\$27,735	\$72,735	\$46,652	\$26,083	\$818,880
2026	\$793,521	\$45,000	\$26,835	\$71,835	\$46,652	\$25,183	\$818,704
2027	\$793,097	\$45,000	\$25,935	\$70,935	\$46,652	\$24,283	\$817,380
2028	\$59,160	\$45,000	\$24,855	\$69,855	\$46,652	\$23,203	\$82,363
2029	\$56,348	\$45,000	\$23,775	\$68,775	\$46,652	\$22,123	\$78,471
2030	\$58,509	\$45,000	\$22,695	\$67,695	\$46,652	\$21,043	\$79,552
2031	\$64,998	\$50,000	\$21,615	\$71,615	\$46,652	\$24,963	\$89,961
2032	\$12,536	\$50,000	\$20,315	\$70,315	\$46,652	\$23,663	\$36,199
2033	\$15,728	\$50,000	\$18,915	\$68,915	\$46,652	\$22,263	\$37,991
2034	\$14,798	\$55,000	\$17,490	\$72,490	\$46,652	\$25,838	\$40,636
2035		\$55,000	\$15,840	\$70,840	\$46,652	\$24,188	\$24,188
2036		\$55,000	\$14,190	\$69,190	\$46,652	\$22,538	\$22,538
2037		\$60,000	\$12,430	\$72,430	\$46,652	\$25,778	\$25,778
2038		\$60,000	\$10,510	\$70,510	\$46,652	\$23,858	\$23,858
2039		\$60,000	\$8,590	\$68,590	\$46,652	\$21,938	\$21,938
2040		\$65,000	\$6,670	\$71,670	\$46,652	\$25,018	\$25,018
2041		\$65,000	\$4,525	\$69,525	\$46,652	\$22,873	\$22,873
2042		\$70,000	\$2,380	\$72,380	\$46,652	\$25,728	\$25,728
TOTALS:	\$5,960,111	\$1,045,000	\$362,763	\$1,407,763	\$933,040	\$474,723	\$6,434,833

Note: 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>\$1,045,000.00</u>
Total Sources	\$1,045,000.00
Uses:	
Deposit to Construction Fund	\$1,019,800.00
Underwriter's Discount (2%)	20,900.00
Cost of Issuance	<u>22,300.00</u>
Total Uses	\$1,045,000.00

DISTRICT STUDENT POPULATION

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

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	2,946.3	2010-11	2,603.2
2001-02	2,800.4	2011-12	2,611.7
2002-03	2,780.0	2012-13	2,589.1
2003-04	2,801.6	2013-14	2,582.9
2004-05	2,792.2	2014-15	2,572.5
2005-06	2,824.4	2015-16	2,563.4
2006-07	2,798.1	2016-17	2,558.9
2007-08	2,736.2	2017-18	2,526.6
2008-09	2,707.9	2018-19	2,498.8
2009-10	2,689.9	2019-20	2,435.2

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 Greenup 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	294,630.0	2010-11	260,318.0
2001-02	280,040.0	2011-12	261,165.0
2002-03	278,000.0	2012-13	258,909.0
2003-04	280,160.0	2013-14	258,294.0
2004-05	279,220.0	2014-15	257,251.0
2005-06	282,440.0	2015-16	256,340.0
2006-07	279,810.0	2016-17	255,890.8
2007-08	273,620.0	2017-18	252,660.0
2008-09	270,792.0	2018-19	249,875.8
2009-10	268,993.0	2019-20	243,520.0

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

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

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

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes \$6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that

such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to \$42,500 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	53.6	611,698,226	3,278,702
2001-02	51.5	671,024,970	3,455,779
2002-03	55.2	677,438,239	3,739,459
2003-04	55.2	664,466,102	3,667,853
2004-05	57.2	687,969,708	3,935,187
2005-06	57.3	731,317,951	4,190,452
2006-07	59.4	761,150,385	4,521,233
2007-08	57.3	761,120,753	4,361,222
2008-09	65.3	797,917,332	5,210,400
2009-10	65.3	817,534,070	5,338,497
2010-11	63.1	808,048,958	5,098,789
2011-12	68.1	836,402,239	5,695,899
2012-13	76.1	851,287,320	6,478,297
2013-14	74.6	849,136,579	6,334,559
2014-15	76.6	876,266,441	6,712,201
2015-16	78.8	900,707,315	7,097,574
2016-17	77.7	933,694,711	7,254,808
2017-18	77.9	929,663,055	7,242,075
2018-19	81.4	940,632,701	7,656,750
2019-20	79.6	955,583,861	7,606,448

OVERLAPPING BOND INDEBTEDNESS

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Greenup			
General Obligation	\$1,500,000	\$698,470	\$801,530
Land Acquisition Renewable	\$500,000	\$150,000	\$350,000
Refinancing Revenue	\$550,000	\$170,649	\$379,351
Building Revenue	\$550,000	\$139,892	\$410,108
City of Flatwoods			
General Obligation	\$476,000	\$0	\$476,000
Sewer Revenue	\$505,000	\$317,000	\$188,000
City of Greenup			
General Obligation	\$4,150,000	\$1,865,417	\$2,284,583
City of Raceland			
General Obligation	\$310,000	\$209,561	\$100,439
Sewer Revenue	\$280,000	\$81,000	\$199,000
City of South Shore			
General Obligation	\$490,000	\$27,000	\$463,000
City of Wurtland			
Water & Sewer Revenue	\$280,000	\$98,300	\$181,700

Special Districts			
Greenup County Extension District	\$3,165,000	\$420,833	\$2,744,167
Greenup County Public Library	\$382,000	\$339,000	\$43,000
Lloyd Volunteer Fire Department	\$226,564	\$88,407	\$138,157
Northeast Kentucky Regional Industrial Authority	\$960,000	\$10,000	\$950,000
Greenup County Environmental Commission	\$5,615,000	\$1,715,000	\$3,900,000
Totals:	\$19,939,564	\$6,330,529	\$13,609,035

Source: 2020 Kentucky Local Debt Report.

SEEK ALLOTMENT

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

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	11,356,595	3,278,702	14,635,297
2001-02	11,023,366	3,455,779	14,479,145
2002-03	11,197,555	3,739,459	14,937,014
2003-04	11,621,344	3,667,853	15,289,197
2004-05	11,853,799	3,935,187	15,788,986
2005-06	12,722,794	4,190,452	16,913,246
2006-07	12,735,948	4,521,233	17,257,181
2007-08	13,527,864	4,361,222	17,889,086
2008-09	13,567,222	5,210,400	18,777,622
2009-10	12,156,805	5,338,497	17,495,302
2010-11	11,447,375	5,098,789	16,546,164
2011-12	12,411,026	5,695,899	18,106,925
2012-13	12,367,210	6,478,297	18,845,507
2013-14	12,232,805	6,334,559	18,567,364
2014-15	12,337,182	6,712,201	19,049,383
2015-16	12,343,086	7,097,574	19,440,660
2016-17	12,365,912	7,254,808	19,620,720
2017-18	12,335,660	7,242,075	19,577,735
2018-19	12,315,360	7,656,750	19,972,110
2019-20	12,034,835	7,606,448	19,641,283

- (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 \$0.796 for FY 2019-20. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

- i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.

- ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.
- iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:
 - a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or
 - b) fails to comply with the law.

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

Financial information regarding the Board may be obtained from Superintendent, Greenup County Board of Education, 45 Musketeer Drive, Greenup, Kentucky 41144 (606-473-9819).

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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

Original Issue Premium

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

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

Original Issue Discount

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

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

Demographic and Economic Data

GREENUP COUNTY, KENTUCKY

Greenup County is situated on the Ohio River in the Appalachian foothills of the tri-state area of Kentucky, Ohio, and West Virginia. The county has eight incorporated cities: Bellefonte, Flatwoods, Greenup, Raceland, Russell, South Shore, Worthington, and Wurtland. The total estimated population in Greenup County in 2020 was 34,941.

The Economic Framework

The total number of people employed in Greenup County in 2021 averaged 8,002 with a total labor force of 14,361. There were a total of 729 business establishments employing people in Greenup County. Sales employed 1,156 persons; office and administrative support accounted for 1,063 jobs; education, training/library employed 879; executive, managers, and administrators accounted for 640 employees and 549 people were employed in food preparation and service.

Education

The Greenup County School system; Raceland Independent and Russell Independent provide primary education to the residents of Greenup County. There are 16 colleges and universities and 7 technology centers (ATC) within 60 miles of Greenup County.

LABOR MARKET STATISTICS

The Labor Market Area includes Greenup, Boyd, Carter and Lawrence counties in Kentucky. Also included, Scioto and Lawrence counties in Ohio and Putnam, Cabell and Wayne counties in West Virginia.

Population

<u>Description</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Greenup County	35,323	35,123	34,941
Russell	3,184	3,164	3,191

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

Education

Primary and Secondary Education. Primary and secondary education is provided by the Boyd County School System and the Ashland Independent School System.

<u>Public Schools</u>	<u>Greenup County</u>	<u>Russell Independent</u>	<u>Raceland Independent</u>
Total Enrollment (2020-21)	2,642	2,175	939
Pupil-Teacher Ratio (2020-21)	15	16	16

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

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

Area Colleges and Universities

Institution	Location	Enrollment (Fall 2019)
Ashland Community & Tech College	Ashland	2,598
Morehead State University	Morehead	9,660
Big Sandy Community & Tech College	Paintsville	2,721

Area Technical Schools

Institution	Location	Enrollment (2018-2019)
Greenup County ATC	Greenup	477
Russell County ATC	Russell	462
Martin County ATC	Inez	373
Morgan County ATC	West Liberty	479

Financial Institutions

Institution	Total Assets	Total Deposits
First & Peoples Bank and Trust Company	\$199,291,000	\$161,630,000

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

APPENDIX B

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

Audited Financial Statement ending June 30, 2021

GREENUP COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

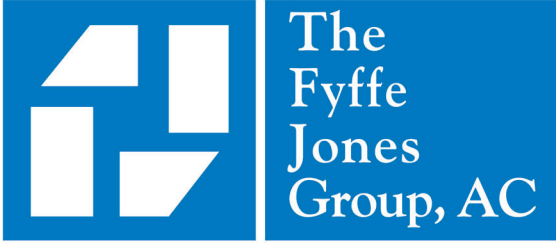
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GREENUP COUNTY SCHOOL DISTRICT
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The Fyffe Jones Group, AC

2155 Carter Avenue
P.O. Box 2245
Ashland, KY 41105-2245
606-329-8604

806 Chillicothe Street
Portsmouth, OH 45662
740-353-0400

1033 Twentieth Street
P.O. Box 1148
Huntington, WV 25713-1148
304-525-8592

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greenup 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 District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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, 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" Section of the *Kentucky Public School Districts' Audit Contract and Requirements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greenup County School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 4 through 8 and 54 through 63 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 Greenup County School District's basic financial statements.

The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements of changes in assets and liabilities – school activity funds 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 Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

These statements and schedule are management’s responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of the District's internal control over financial reporting and our testing of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The Fyffe Jones Group, AC

THE FYFFE JONES GROUP, AC

Ashland, Kentucky
November 12, 2021

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

As management of the Greenup 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. We encourage readers to consider the information presented here in conjunction with additional information found within the body of this report.

FINANCIAL HIGHLIGHTS

- The beginning unassigned fund balance for General Fund was \$4.5 million ending the Fiscal Year on June 30, 2020.
- The ending unassigned fund balance for General Fund decreased \$800 thousand to a balance of \$5.5 million ending the Fiscal Year on June 30, 2021.
- An increase in unassigned fund balance is partially attributable to other funds needing more resources from the general fund than the prior year to cover their expenses.
- Beginning district-wide net position including capital assets and related long term debt was \$1.3 million ending the Fiscal Year June 30, 2020.
- The ending district-wide net position decreased \$800 thousand to \$2.1 million ending the Fiscal Year June 30, 2021.
- An increase in district-wide net position is attributable to the issuance of new bonded debt and the impact of post-retirement benefit related obligations.
- The fundable average daily attendance for the Fiscal Year ended June 30, 2020 was 2.4 thousand.
- The fundable average daily attendance remained at 2.4 thousand for the 2021 Fiscal Year.
- During the 2021 Fiscal Year Greenup County Board of Education expended \$1.5 million on capital assets; and made principal payments for the retirement of debt in the amount of \$1.5 million.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

of the District include instruction, support services, operation and maintenance of facilities, student transportation, and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9 and 10 of this report.

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

The basic governmental fund financial statements can be found on pages 11 and 13 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 19 through 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.1 million as of June 30, 2021.

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

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

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Position for the periods ending June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current Assets	\$ 7,736,429	\$ 7,963,973
Noncurrent Assets	<u>25,501,569</u>	<u>25,484,141</u>
Total Assets	<u>\$ 33,237,998</u>	<u>\$ 33,448,114</u>
Deferred Outflows of Resources	<u>\$ 5,135,920</u>	<u>\$ 3,754,729</u>
Current Liabilities	\$ 2,192,976	\$ 2,381,025
Long-Term Liabilities	<u>30,065,484</u>	<u>30,120,058</u>
Total Liabilities	<u>\$ 32,258,460</u>	<u>\$ 32,501,083</u>
Deferred Inflows of Resources	<u>\$ 3,978,110</u>	<u>\$ 3,880,373</u>
Invested in Capital Assets (Net of Debt)	\$ 25,501,569	25,484,141
Restricted	(297,418)	(301,522)
Unrestricted	<u>(23,066,803)</u>	<u>(24,361,232)</u>
Total Net Position	<u>\$ 2,137,348</u>	<u>\$ 821,387</u>

FUND FINANCIAL ANALYSIS

Comments on Budget Comparisons:

- The District's total revenue for the fiscal year ended June 30, 2021, net of Interfund transfers was \$35.5 million.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$2.3 million more than budget. This is primarily due to the On-Behalf payments from the State of Kentucky budget amounts being based off prior year, and current year on behalf payments exceeding expectations.
- General fund budget compared to actual expenditures varied from line item to line item with the ending actual balance being \$1.2 million more than budget. This is primarily due to increase spending in response to the increase in On-Behalf payments from the State of Kentucky mentioned above.
- The general fund net position was \$3.4 million more favorable than budget as a result from the above variances.

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The following table presents a summary of the District's revenues and expenses for the fiscal years ending:

	<u>2021</u>	<u>2020</u>
Revenues:		
Taxes	\$ 7,800,856	\$ 7,326,192
State Aid Formula Grants	18,464,507	19,025,158
Operating Grants and Contributions	6,818,474	5,265,482
Capital Grants and Contributions	1,284,213	1,199,259
Charges for Services	3,150	113,924
Investment Earnings	3,604	112,021
Other	1,580,643	1,340,892
Total Revenues	<u>\$ 35,955,447</u>	<u>\$ 34,382,928</u>
Expenses:		
Instruction	\$ 18,157,966	\$ 17,769,698
Student Support Services	2,823,329	2,602,432
Staff Support	1,834,569	1,539,959
District Administration	1,023,986	1,323,533
School Administration	2,395,846	2,351,573
Business Support	762,418	674,365
Plant Operations	3,980,915	4,929,028
Student Transportation	1,791,320	1,913,464
Community Support	-	4
Food Service	1,649,026	2,022,025
Interest on Long Term Debt	428,930	389,239
Total Expenses	<u>\$ 34,848,306</u>	<u>\$ 35,515,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>\$ 1,107,141</u>	<u>\$ (1,132,392)</u>

Revenue

The majority of revenue was derived from state-aid formula grants, 55.3%, with local taxes making up 21.3% of total revenue.

School Allocation

Instruction accounts for 50.3% for of the school level expenditures.

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The District’s investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$25.3 million. The investment in capital assets includes land, land improvements, buildings and improvements, technology equipment, machinery and equipment, and vehicles. The total decrease in the District’s investment in capital assets for the current fiscal year was \$450 thousand, or 1.8%, which is due mostly to the annual depreciation expense for depreciable assets. Beyond the depreciation decrease, major capital asset events during the current fiscal year consisted primarily of the purchase of school buses.

	2021	2020	Variance
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	
Land	\$ 136,284	\$ 136,284	\$ -
Buildings and Improvements	71,147,078	68,583,046	2,564,032
Infrastructure	761,339	738,352	22,987
Technology and Equipment	9,074,421	8,969,184	105,237
Machinery and Equipment	1,460,140	1,327,039	133,101
Vehicles	7,853,903	7,650,555	203,348
Total	<u>\$ 90,433,165</u>	<u>\$ 87,404,460</u>	<u>\$ 3,028,705</u>

Long-term Debt – At the end of the current fiscal year, the District had total bonded debt outstanding of \$9.3 million. The District finances some vehicle acquisitions through loans secured through the Kentucky Interlocal School Transportation Association (KISTA), primarily acquisition of school buses. At June 30, 2021, the District had a liability recorded for outstanding KISTA loans in the amount of \$764 thousand. Employees of the District are eligible to receive from the District an amount equal to 30% of the value of accumulated sick leave upon retirement from the school system. At June 30, 2021, the liability for such costs was \$1.3 million.

	2021	2020	Variance
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	
Revenue Bonds	\$ 9,385,000	\$ 9,385,000	\$ -
KISTA Loans	764,965	764,965	-
KSBIT Assessment Payable	-	43,146	(43,146)
Accumulated Sick Leave	1,332,552	1,132,645	199,907
Total	<u>\$ 11,482,517</u>	<u>\$ 11,325,756</u>	<u>\$ 156,761</u>

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with \$2.8 million in contingency in the current 2021 school year.

Questions regarding this report should be directed to the Superintendent at (606) 473-9819, or to the Finance Director, (606) 473-9810, or by mail at 45 Musketeer Drive, Greenup, Kentucky 41144.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 5,520,753	\$ 758,649	\$ 6,279,402
Receivables (net of allowances for uncollectibles):			
Property Taxes	622,169	-	622,169
Intergovernmental - State	-	-	-
Intergovernmental - Federal	750,301	38,951	789,252
Inventories	-	45,606	45,606
Capital Assets, Not Being Depreciated	438,995	-	438,995
Capital Assets, Being Depreciated, Net	24,840,073	222,501	25,062,574
Total Assets	<u>\$ 32,172,291</u>	<u>\$ 1,065,707</u>	<u>\$ 33,237,998</u>
Deferred Outflows of Resources:			
Deferred Outflows from Pensions	\$ 2,154,072	\$ 437,286	\$ 2,591,358
Deferred Outflows from OPEB	2,321,383	223,179	2,544,562
Total Deferred Outflows of Resources	<u>\$ 4,475,455</u>	<u>\$ 660,465</u>	<u>\$ 5,135,920</u>
Liabilities:			
Accounts Payable	\$ 250,887	\$ 20,215	\$ 271,102
Interest Payable	67,451	-	67,451
Noncurrent Liabilities:			
Portion Due or Payable Within One Year:			
Debt Obligations	1,454,657	-	1,454,657
Accrued Sick Leave	399,766	-	399,766
Portion Due or Payable After One Year:			
Debt Obligations	8,695,308	-	8,695,308
Accrued Sick Leave	932,786	-	932,786
Net Pension Liability	10,639,297	1,553,417	12,192,714
Net OPEB Liability	7,813,068	431,608	8,244,676
Total Liabilities	<u>\$ 30,253,220</u>	<u>\$ 2,005,240</u>	<u>\$ 32,258,460</u>
Deferred Inflows of Resources:			
Grant Revenues Received in Advance	\$ 357,585	\$ -	\$ 357,585
Deferred Inflows on Pensions	414,821	60,567	475,388
Deferred Inflows on OPEB	3,031,601	113,536	3,145,137
Total Deferred Inflows of Resources	<u>\$ 3,804,007</u>	<u>\$ 174,103</u>	<u>\$ 3,978,110</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	\$ 25,279,068	\$ 222,501	\$ 25,501,569
Restricted	378,254	(675,672)	(297,418)
Unrestricted	(23,066,803)	-	(23,066,803)
Total Net Position	<u>\$ 2,590,519</u>	<u>\$ (453,171)</u>	<u>\$ 2,137,348</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional	\$ 18,157,966	\$ -	\$ 4,547,736	\$ -	\$ (13,610,230)	\$ -	\$ (13,610,230)
Support Services:							
Students	2,823,329	-	50,378	-	(2,772,951)	-	(2,772,951)
Instructional Staff	1,834,569	-	38,057	-	(1,796,512)	-	(1,796,512)
District Administration	1,023,986	-	267,989	-	(755,997)	-	(755,997)
School Administration	2,395,846	-	-	-	(2,395,846)	-	(2,395,846)
Business and Other Support Services	762,418	-	-	-	(762,418)	-	(762,418)
Operation and Maintenance of Plant	3,980,915	-	88,982	-	(3,891,933)	-	(3,891,933)
Student Transportation	1,791,320	-	-	-	(1,791,320)	-	(1,791,320)
Community Services	-	-	296,549	-	296,549	-	296,549
Facility Acquisition and Construction	-	-	-	1,217,563	1,217,563	-	1,217,563
Debt Service	428,930	-	-	-	(428,930)	-	(428,930)
Total Government Activities	33,199,280	-	5,289,691	1,217,563	(26,692,026)	-	(26,692,026)
Business-Type Activities:							
Food Service	1,649,026	3,150	1,528,783	66,650	-	(50,443)	(50,443)
Total Business-Type Activities	1,649,026	3,150	1,528,783	66,650	-	(50,443)	(50,443)
Total School District	\$ 34,848,306	\$ 3,150	\$ 6,818,474	\$ 1,284,213	(26,692,026)	(50,443)	(26,742,469)
General Revenues							
Taxes					7,800,856	-	7,800,856
Intergovernmental Revenues					18,464,507	-	18,464,507
Investment Earnings					3,025	579	3,604
Miscellaneous					1,554,921	25,722	1,580,643
Interfund Transfer					1,212	(1,212)	-
Total General Revenues					\$ 27,824,521	\$ 25,089	\$ 27,849,610
Change In Net Position					1,132,495	(25,354)	1,107,141
Net Position, June 30, 2020, As Restated					1,458,024	(427,817)	1,030,207
Net Position, June 30, 2021					\$ 2,590,519	\$ (453,171)	\$ 2,137,348

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 5,493,271	\$ (405,832)	\$ 433,314	\$ 5,520,753
Receivables (net of allowances for uncollectibles):				
Property Taxes	622,169	-	-	622,169
Intergovernmental - Federal	-	750,301	-	750,301
Total Assets	<u>\$ 6,115,440</u>	<u>\$ 344,469</u>	<u>\$ 433,314</u>	<u>\$ 6,893,223</u>
Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,115,440</u>	<u>\$ 344,469</u>	<u>\$ 433,314</u>	<u>\$ 6,893,223</u>
Liabilities:				
Accounts Payable	\$ 197,479	\$ 48,888	\$ 4,520	\$ 250,887
Accrued Sick Leave	399,766	-	-	399,766
Total Liabilities	<u>\$ 597,245</u>	<u>\$ 48,888</u>	<u>\$ 4,520</u>	<u>\$ 650,653</u>
Deferred Inflows of Resources				
Grant Revenue Received in Advance	\$ -	\$ 357,585	\$ -	\$ 357,585
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 357,585</u>	<u>\$ -</u>	<u>\$ 357,585</u>
Fund Balances:				
Restricted - Accrued Sick Leave	\$ 250,000	\$ -	\$ -	\$ 250,000
Restricted - Other	-	-	226,086	226,086
Committed	-	-	243,964	243,964
Assigned	128,254	5,118	-	133,372
Unassigned	5,139,941	(67,122)	(41,256)	5,031,563
Total Fund Balances	<u>\$ 5,518,195</u>	<u>\$ (62,004)</u>	<u>\$ 428,794</u>	<u>\$ 5,884,985</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,115,440</u>	<u>\$ 344,469</u>	<u>\$ 433,314</u>	<u>\$ 6,893,223</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Governmental Fund Balance	\$	5,884,985
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		25,279,068
Certain other assets and liabilities are not available to pay current period expenditures and therefore are not reported in the governmental funds.		(67,451)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in governmental funds:		
Deferred Outflows from Pensions		2,154,072
Deferred Outflows from OPEB		2,321,383
Deferred Inflows from Pensions		(414,821)
Deferred Inflows from OPEB		(3,031,601)
Long-term liabilities, including bonds payable and post-employment liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(29,535,116)
Net Position of Governmental Activities	<u>\$</u>	<u>2,590,519</u>

See Notes to the Basic Financial Statements.

GREENUP 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	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,304,326	\$ -	\$ 496,530	\$ 7,800,856
Interest Income	1,891	-	1,134	3,025
Intergovernmental - State	18,464,507	1,601,071	1,217,563	21,283,141
Intergovernmental - Federal	87,797	2,930,920	-	3,018,717
Other Local Revenues	222,943	15,745	272,926	511,614
Total Revenues	<u>\$ 26,081,464</u>	<u>\$ 4,547,736</u>	<u>\$ 1,988,153</u>	<u>\$ 32,617,353</u>
Expenditures:				
Instruction	\$ 12,737,498	\$ 3,914,289	\$ 287,402	\$ 16,939,189
Students	2,539,111	50,378	-	2,589,489
Instructional Staff	1,575,732	38,057	8,837	1,622,626
District Administration	960,256	267,989	-	1,228,245
School Administration	2,188,716	-	-	2,188,716
Business and Other Support Services	724,810	-	-	724,810
Operation and Maintenance of Plant	2,843,444	88,982	936,712	3,869,138
Student Transportation	1,701,588	-	1,370	1,702,958
Community Services	-	296,549	-	296,549
Debt Service	361,479	-	1,458,221	1,819,700
Total Expenditures	<u>\$ 25,632,634</u>	<u>\$ 4,656,244</u>	<u>\$ 2,692,542</u>	<u>\$ 32,981,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 448,830</u>	<u>\$ (108,508)</u>	<u>\$ (704,389)</u>	<u>\$ (364,067)</u>
Other Financing Sources (Uses):				
Operating Transfers In	\$ 259,958	\$ 51,140	\$ 1,124,303	\$ 1,435,401
Operating Transfers Out	(54,014)	-	(1,380,175)	(1,434,189)
Total Other Financing (Uses) Sources	<u>\$ 205,944</u>	<u>\$ 51,140</u>	<u>\$ (255,872)</u>	<u>\$ 1,212</u>
Net Change in Fund Balances	<u>\$ 654,774</u>	<u>\$ (57,368)</u>	<u>\$ (960,261)</u>	<u>\$ (362,855)</u>
Fund Balances, June 30, 2020, As Restated	\$ 4,863,421	\$ (4,636)	\$ 1,389,055	\$ 6,247,840
Fund Balances, June 30, 2021	<u>\$ 5,518,195</u>	<u>\$ (62,004)</u>	<u>\$ 428,794</u>	<u>\$ 5,884,985</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Amounts Reported For Governmental Activities in the Statement of Net Position are Different Because:

Net Changes in Fund Balance - Governmental Funds \$ (362,855)

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

Capital outlay	1,538,464	
Depreciation expense	<u>(1,517,315)</u>	21,149

Governmental funds report pension 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 pensions and investment experience:

KTRS on-behalf pension revenue	3,680,634	
KTRS on-behalf pension expense	(3,680,634)	
Pension Expense, Net	193,444	
OPEB Expense, Net	<u>144,699</u>	338,143

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the Statement of Net Position. 1,533,536

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

Long-term portion of accrued sick leave		(199,907)
Decrease in accrued interest		11,249

Change in Net Position of Governmental Activities \$ 1,341,315

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	Food Service Fund	Total Proprietary Funds
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 758,649	\$ 758,649
Receivables (net of allowances for uncollectibles):		
Intergovernmental - State	38,951	38,951
Inventories	45,606	45,606
Total Current Assets	\$ 843,206	\$ 843,206
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation	\$ 222,501	\$ 222,501
Total Noncurrent Assets	222,501	222,501
Total Assets	\$ 1,065,707	\$ 1,065,707
Deferred Outflows of Resources:		
Deferred Outflows from Pensions	\$ 437,286	\$ 437,286
Deferred Outflows from OPEB	223,179	223,179
Total Deferred Outflows of Resources	660,465	660,465
Total Assets and Deferred Outflows	\$ 1,726,172	\$ 1,726,172
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 20,215	\$ 20,215
Total Current Liabilities	\$ 20,215	\$ 20,215
Noncurrent Liabilities:		
Net Pension Liability	\$ 1,553,417	\$ 1,553,417
Net OPEB Liability	431,608	431,608
Total Liabilities	\$ 2,005,240	\$ 2,005,240
Deferred Inflows of Resources:		
Deferred Inflows from Pensions	\$ 60,567	\$ 60,567
Deferred Inflows from OPEB	113,536	113,536
Total Deferred Inflows of Resources	\$ 174,103	\$ 174,103
Net Position:		
Invested in Capital Assets	\$ 222,501	\$ 222,501
Restricted	(675,672)	(675,672)
Total Net Position	(453,171)	(453,171)
Total Liabilities, Deferred Inflows and Net Position	\$ 1,726,172	\$ 1,726,172

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Food Service Fund
Operating Revenues:	
Lunchroom Sales	\$ 3,150
Other Operating Revenues	25,722
Total Operating Revenues	\$ 28,872
Operating Expenses:	
Salaries and Benefits	\$ 880,322
Contract Services	33,575
Materials and Supplies	722,385
Depreciation	3,721
Other Operating Expenses	9,023
Total Operating Expenses	\$ 1,649,026
Operating Gain / (Loss)	\$ (1,620,154)
Nonoperating Revenues:	
Federal Grants	\$ 1,381,431
State Grants	147,352
Donated Commodities	66,650
Interest Income	579
Total Nonoperating Revenues	\$ 1,596,012
Other Financing Sources / (Uses):	
Operating Transfers In/(Out)	\$ (1,212)
Total Other Financing Sources / (Uses)	\$ (1,212)
Increase / (Decrease) in Net Position	\$ (25,354)
Net Position, June 30, 2020	\$ (427,817)
Net Position, June 30, 2021	\$ (453,171)

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Food Service Fund</u>
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	\$ 3,150
Other operating revenues	25,722
Cash paid for:	
Employees (less on behalf of payments, pension and OPEB change)	(811,878)
Supplies (less commodities and capital purchases)	(628,332)
Other activities	(46,201)
Net cash provided/(used) for operating activities	<u>\$ (1,457,539)</u>
 Cash flows from noncapital financing activities:	
Government grants	\$ 1,528,783
Transfers from/(to) other funds	(1,212)
Net cash provided by noncapital financing activities	<u>\$ 1,527,571</u>
 Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (27,403)
Net cash used for capital and related financing activities	<u>\$ (27,403)</u>
 Cash flows from investing activities:	
Interest received on investments	\$ 579
Net cash provided by investing activities	<u>\$ 579</u>
 Net increase/(decrease) in cash and cash equivalents	\$ 43,208
 Cash and cash equivalents, June 30, 2020	<u>\$ 715,441</u>
 Cash and cash equivalents, June 30, 2021	<u><u>\$ 758,649</u></u>
 Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,620,154)
Adjustments to reconcile operating loss to	
Net cash used for operating activities:	
Depreciation	\$ 3,721
Donated commodities	66,650
Employee benefits paid by KDE	125,200
Net pension adjustment	4,253
Net OPEB adjustment	(26,283)
Change in assets and liabilities:	
Inventory	22,001
Accounts payable	(32,927)
Net cash used for operating activities	<u><u>\$ (1,457,539)</u></u>
 Non-cash items:	
Employee benefits paid by KDE	\$ 125,200
Donated commodities	\$ 66,650

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities:

A. Reporting Entity

The Greenup County Board of Education (the "Board"), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Greenup County School District (the "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.

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

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements. Copies of component unit reports may be obtained from the District's Finance Office at 45 Musketeer Drive, Greenup, Kentucky 41144.

Greenup County School District Finance Corporation - On September 27, 1993, the Greenup County Board of Education resolved to authorize the establishment of the Greenup County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Greenup County Board of Education also comprise the Corporation's Board of Directors.

B. Summary of Significant Accounting Policies and Description of Funds

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide Statements - Provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government and business-type activities of the District. Governmental

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

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

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

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.

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

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

ii. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy and also participates in the Kentucky 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.

iii. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

(D) Debt Service Funds are used to account for the accumulation of resources for, and 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.

II. Proprietary Fund Type (Enterprise Fund)

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

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

Basis of Accounting

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are appropriated in the next year. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2021. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements related to encumbrance accounting. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed, or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Infrastructure	20 years
Technology and equipment	5 years
Machinery and equipment	5-10 years
Vehicles	5-10 years
Food service equipment	10-12 years

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

Interfund Activity

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

Cash and Cash Equivalents

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

Inventories

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

Budgetary Process

The District is required by state law to adopt annual budgets for the general fund, special revenue fund, capital outlay fund and the food service fund. The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See Note (14) for these amounts which were not known by the District at the time the budget was adopted.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the District.

The tax rates assessed for the year ended June 30, 2021, to finance general fund operations were \$.846 on real estate and \$.494 on motor vehicles, per \$100 valuation.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2021, were approximately 93.46% of the tax levy.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

Accrued Liabilities and Long-Term Obligations

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

Fund Balance Reserves

The District reserves those portions of fund balances which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion, which is available for appropriation in future periods. Fund balances reserves have been established for accrued sick leave. Unreserved fund balances are composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

Fund Equity

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

- I. Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- II. Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.
- III. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2021.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

IV. Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

V. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the propriety funds. For the District, those revenues are primarily charges for meals provided by the various schools. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the foods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Interfund Activity

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

Restricted Resources

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. If an expense is incurred for purposes for which committed, assigned, and unrestricted fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unrestricted.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Activities (Cont.):

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2021, the District reported deferred outflows of resources on the government-wide financial statements for deferred pension contributions, deferred pension and OPEB payments, and advance refunding bond payments.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2021, the District reported deferred inflows of resources on the government-wide financial statements for deferred pension investment earnings, and deferred OPEB investment earnings.

Pensions and OPEB

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, OPEB, pension expense, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions and OPEB. 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.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 - Recent Accounting Pronouncements:

The Governmental Accounting Standards Board has issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, effective immediately. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The updated GASB pronouncement effective dates are as follows:

- GASB 84, Fiduciary Activities: effective for reporting periods beginning after December 15, 2019 (Adopted in current fiscal year, see Note 17).
- GASB 87, Leases: effective for reporting periods beginning after June 15, 2021 (FY22).
- GASB 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements: effective for reporting periods beginning after June 15, 2019 (FY20).
- GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period: effective for reporting periods beginning after December 15, 2021 (FY22).
- GASB 90, Majority Equity Interests: effective for reporting periods beginning after December 15, 2019 (FY21).
- GASB 91, Conduit Debt Obligations: effective for reporting periods beginning after December 15, 2021 (FY23)
- GASB 92, Omnibus 2021: effective for reporting periods beginning after June 15, 2021 (FY22).
- GASB 93, Replacement of Interbank Offered Rates: Effective dates were changed to FY21 for certain parts and FY22 for others, see update below for more details.

The Governmental Accounting Standards Board has also issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The requirements of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefits plans and paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The District has not yet determined the effect that the adoption of GASB Statement No. 97 may have on its financial statements.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 - Recent Accounting Pronouncements (Cont.):

The Governmental Accounting Standards Board has also issued Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2021. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The District has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, effective for fiscal years beginning after December 15, 2021. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The District has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 90, Majority Equity Interests, effective for fiscal years beginning after December 15, 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The District has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 91, Conduit Debt Obligations, effective for fiscal years beginning after December 15, 2021. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The District has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 92, Omnibus 2021, effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 93, Replacement of Interbank Offered Rates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. GASB 95 extended the due date for paragraphs 13 and 14 (lease modifications) to reporting periods beginning after June 15, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2021. The primary objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The District has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 - Recent Accounting Pronouncements (Cont.):

The Governmental Accounting Standards Board has also issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for reporting periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The District has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for reporting periods beginning after June 15, 2022. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The District has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

Note 3 – Estimates:

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

Note 4 – Cash and Cash Equivalents:

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At June 30, 2021, the carrying amount of the Board's cash and cash equivalents was \$6.2 million and the bank balances totaled \$6.5 million including school activity. Of the total bank balances, up to \$250,000 was secured by Federal Depository insurance and the remaining amount was covered by a collateral agreement and collateral held by the pledging banks' trust departments in the District's name.

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

Category 1 - Deposits, which are insured or collateralized with securities, held by the District or by its agent in the District's name.

Category 2 - Deposits, which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Deposits, which are not collateralized or insured.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 4 – Cash and Cash Equivalents (Cont.):

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

General Fund cash and cash equivalents at June 30, 2021, consisted of an interest bearing checking account.

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

Note 5 – Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

Governmental Activities	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Land	\$ 136,284	\$ -	\$ -	\$ 136,284
Construction in Progress	275,637	27,074	-	302,711
Buildings and Improvements	45,840,656	1,396,286	-	47,236,942
Infrastructure	459,744	-	-	459,744
Technology and Equipment	4,565,538	-	-	4,565,538
Machinery and Equipment	791,880	99,104	-	890,984
Vehicles	4,399,269	16,000	-	4,415,269
Total	\$ 56,469,008	\$ 1,538,464	\$ -	\$ 58,007,472
Less: Accumulated Depreciation:				
Buildings and Improvements	\$ (22,742,390)	\$ (1,167,746)	\$ -	\$ (23,910,136)
Infrastructure	(278,608)	(22,987)	-	(301,595)
Technology and Equipment	(4,403,646)	(105,237)	-	(4,508,883)
Machinery and Equipment	(535,159)	(33,997)	-	(569,156)
Vehicles	(3,251,286)	(187,348)	-	(3,438,634)
Total	\$ (31,211,089)	\$ (1,517,315)	\$ -	\$ (32,728,404)
Governmental Activities Capital Assets - Net	\$ 25,257,919	\$ 21,149	\$ -	\$ 25,279,068
Business-Type Activities				
Food Service Equipment	\$ 1,108,092	\$ 27,403	\$ -	\$ 1,135,495
Less: Accumulated Depreciation	(881,870)	(31,124)	-	(912,994)
Business-Type Activities Capital Assets - Net	\$ 226,222	\$ (3,721)	\$ -	\$ 222,501

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 878,928
Student support	134,361
District administration	63,730
School administration	113,566
Business support services	37,608
Plant operation and maintenance	200,759
Student transportation	88,362
Total	\$ 1,517,315

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 6 – Debt Obligations:

The amount shown in the accompanying financial statements as debt obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Greenup County School District Financial Corporation and the Kentucky School Construction Commission aggregating \$17.4 million.

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

Issue Date	Proceeds	Rates
2010	1,630,000	1.00% to 4.20%
2010-REF	4,750,000	0.60% to 2.55%
2011-REF	2,325,000	1.10% to 2.50%
2012K	479,050	2.00%
2013E	1,380,000	1.85%
2013	785,000	1.85% to 4.25%
2016-REF	4,745,000	0.85% to 2.30%
2020	1,570,000	2.00% to 2.50%
Total	\$ 17,664,050	

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

KSBIT Payable

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District in 2013 that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments. In 2021 the District paid off the remaining balance on this liability as reflected herein.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 6 – Debt Obligations (Cont.):

The changes in the general long-term debt for the year ended June 30, 2021, were as follows:

	Balance June 30, 2020	New Issues	Retirement	Balance June 30, 2021
General obligation bonds -				
\$17,664,050 originally issued				
with interest rates ranging from				
0.60% to 4.25%	\$ 10,730,000	\$ -	\$ 1,345,000	\$ 9,385,000
KISTA Loans	910,355	-	145,390	764,965
KSBIT Assessment Payable	43,146	-	43,146	-
Accumulated Sick Leave	1,132,645	199,907	-	1,332,552
Total	<u>\$ 12,816,146</u>	<u>\$ 199,907</u>	<u>\$ 1,533,536</u>	<u>\$ 11,482,517</u>

The District has entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2021, for debt service (principal and interest) are as follows:

Year	Greenup County School District		Kentucky School Facilities Construction Commission		Total Principal
	Principal	Interest	Principal	Interest	
22	\$ 1,230,486	\$ 181,351	\$ 224,171	\$ 65,800	\$ 1,454,657
23	1,250,687	157,040	229,365	59,957	1,480,052
24	1,290,557	132,049	225,337	54,088	1,515,894
25	998,057	104,458	190,348	47,854	1,188,405
26	1,018,828	79,242	195,645	41,858	1,214,473
2027-2031	1,668,464	129,104	718,020	123,690	2,386,484
2032-2036	247,844	39,868	292,156	42,401	540,000
2037-2041	185,000	11,687	185,000	11,687	370,000
	<u>\$ 7,889,923</u>	<u>\$ 834,799</u>	<u>\$ 2,260,042</u>	<u>\$ 447,335</u>	<u>\$ 10,149,965</u>

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 7 – Accumulated Unpaid Sick Leave Benefits:

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued sick leave" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements.

Note 8 – Interfund Transfers:

Interfund transfers at June 30, 2021, consisted of the following:

Type	From	To	Purpose	Amount
Operating	General	Special Revenue	Technology	\$ 51,140
Debt Service	Building	Debt Service	Bond Payments	1,115,339
Operating	Capital Projects	General	Funding	10,626
Operating	Capital Projects	General	KISTA Bus Payment	255,872
Operating	Food Service	General	Lunch Accounts	1,212

Note 9 – Retirement Plans:

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

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

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

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 – Retirement Plans (Cont.):

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

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

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

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

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

General information about the Teachers’ Retirement System of the State of Kentucky (“KTRS”)

Plan description—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers’ Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 – Retirement Plans (Cont.):

Commonwealth's financial statements—KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

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

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 7.68% of their salary to KTRS.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 – Retirement Plans (Cont.):

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

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

At 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 KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

	KTRS	CERS
District's proportionate share of the net pension liability	\$ -	\$ 12,192,714
Commonwealth's proportionate share of the net pension liability associated with the District	50,850,096	-
	\$ 50,850,096	\$ 12,192,714

The net pension liability for each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2019, the District’s proportion was 0.155065 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$634 thousand related to CERS and \$3.7 million related to KTRS. The District also recognized revenue of \$3.7 million for KTRS pension support provided by the Commonwealth.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 – Retirement Plans (Cont.):

At June 30, 2021, the District reported its proportionate share of CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 304,048	\$ -
Changes of assumptions	476,105	-
Net difference between projected and actual earnings on pension plan investments	843,629	223,406
Changes in proportion and differences between District contributions and proportionate share of contributions	187,705	251,982
District contributions subsequent to the measurement date	779,871	-
 Total	\$ 2,591,358	\$ 475,388

The \$779 thousand reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:	
2022	\$ 396,139
2023	342,416
2024	159,891
2025	122,538
2026	-
Total	\$ 1,020,984

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

	CERS	KTRS
Inflation	2.30%	3.00%
Projected salary increases	3.55 - 15.55%	3.50%-7.30%
Investment rate of return, net of investment expense and inflation	5.25%	7.50%

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 – Retirement Plans (Cont.):

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

For KTRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2021 with a setback of 1 year for females. The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period July 1, 2010-June 30, 2015 adopted by the Board on September 19, 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	18.75%	4.50%
Non-U.S. Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash Equivalent	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.96%
	100.00%	

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 – Retirement Plans (Cont.):

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	4.60%
Non-US Equity	22.0%	5.60%
Fixed Income	15.0%	0.00%
Additional Categories	7.0%	2.50%
Real Estate	7.0%	4.30%
Private Equity	7.0%	7.70%
Cash	2.0%	-0.50%
	100%	

Discount rate-For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

Discount rate-For KTRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates, adjusted by 95% for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 – Retirement Plans (Cont.):

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

<u>CERS</u>	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
District's proportionate share of net pension liability	\$ 12,192,714	\$ 15,036,269	\$ 9,838,142
 <u>KTRS</u>	 <u>7.00%</u>	 <u>8.00%</u>	 <u>9.00%</u>
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

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

Note 10 – Other Postemployment Benefit (OPEB) Plans:

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

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

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

At June 30, 2021, the District reported a liability of \$5.7 million for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.193523% percent.

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

District's proportionate share of the KTRS net OPEB liability	\$	4,857,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		3,891,000
	\$	8,748,000

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

For the year ended June 30, 2021, the District recognized OPEB expense of \$207 thousand and revenue of \$207 thousand for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,071,000
Changes of assumptions	294,000	-
Net difference between projected and actual earnings on investments	158,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	183,000
District contributions subsequent to the measurement date	<u>339,909</u>	<u>-</u>
 Total	 <u>\$ 791,909</u>	 <u>\$ 2,254,000</u>

Of the total amount reported as deferred inflows of resources related to OPEB, \$1.4 million is 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:

<u>Year ending June 30:</u>	
2022	\$ (367,000)
2023	(355,000)
2024	(357,000)
2025	(330,000)
2026	(290,000)
Thereafter	<u>(103,000)</u>
Total	\$ (1,802,000)

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50%-7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.25%, for FY2020 decreasing to an ultimate rate of 5.00% by FY2029
Ages 65 and Older	5.25%, for FY2020 decreasing to an ultimate rate of 5.00% by FY2022
Medicare Part B Premiums	6.49% for FY2020 with an ultimate rate of 5.00% by FY2031
Municipal Bond Index Rate	3.50%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.40%
Fixed Income	9.0%	0.00%
Real Estate	6.5%	4.30%
Private Equity	8.5%	7.70%
Other Additional Categories*	17.0%	2.50%
Cash (LIBOR)	1.0%	50.00%
	<u>100%</u>	

**Includes hedge funds, high yield, and non-US developed bonds*

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

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

	7.00%	8.00%	9.00%
District's proportionate share of net OPEB liability	\$ 5,871,000	\$ 4,857,000	\$ 4,011,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 3,850,000	\$ 4,857,000	\$ 6,099,000

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

Life Insurance Plan

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

Benefits provided- TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

At June 30, 2021, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of net OPEB liability	\$	-
Commonwealth's proportionate share of the net OPEB liability associated with the District		118,000
		118,000
	\$	118,000

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2020, the District's proportion was 0.341987%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$278 thousand and revenue of \$278 thousand for support provided by the State.

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

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50%-7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	0.50%
Municipal Bond Index Rate	3.50%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

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

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

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity	40.0%	4.60%
International Equity	23.0%	5.60%
Fixed Income	18.0%	0.00%
Real Estate	6.0%	4.30%
Private Equity	5.0%	7.70%
Other Additional Categories*	6.0%	2.50%
Cash (LIBOR)	2.0%	-0.50%
	<u>100%</u>	

**Modeled of 50% High Yield and 50% Bank Loans*

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

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

	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
District's proportionate share of net OPEB liability	\$ 78,000	\$ 118,000	\$ 190,000

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

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

County Employees Retirement Systems OPEB Plan

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

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

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

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

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2020, CERS allocated 4.70% of the 19.18% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2021, the District contributed \$161 thousand to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

At June 30, 2021, the District reported a liability of \$2.6 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2019. At June 30 2019, the District's proportion was 0.155025%.

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

District's proportionate share of the CERS net OPEB liability	\$	3,837,679
Commonwealth's proportionate share of the CERS net OPEB liability associated with the District		-
	\$	3,837,679

For the year ended June 30, 2021, the District recognized OPEB expense of \$206 thousand, including an implicit subsidy of \$45 thousand. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 641,195	\$ 641,696
Changes of assumptions	667,529	4,059
Net difference between projected and actual earnings on investments	205,863	78,308
Changes in proportion and differences between District contributions and proportionate share of contributions	45,163	167,074
District contributions subsequent to the measurement date	192,903	-
Total	\$ 1,752,653	\$ 891,137

Of the total amount reported as deferred inflows of resources related to OPEB, \$197 thousand 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.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

Year ending June 30:	
2022	\$ 180,649
2023	218,398
2024	146,154
2025	142,296
2026	(18,187)
Thereafter	-
Total	\$ 669,310

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed 25 years
Remaining Amortization Period	5-year smoothed market
Asset Valuation Method	20.00% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.00% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Post-65	Initial trend starting at 5.00% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years
Payroll Growth	2.00%
Inflation Salary Increase	3.05% to 18.55%
Investment Rate of Return	6.25%

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

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

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity*	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialized Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return*	<u>15.00%</u>	3.95%
	100%	

**Long-term Expected Real Rates of Return may vary by plans depending on the risk tolerance of the plan*

Discount rate - The discount rate used to measure the total OPEB liability was 5.68%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

	4.34%	5.34%	6.34%
District's proportionate share of net OPEB liability	\$ 4,930,287	\$ 3,837,676	\$ 2,940,278

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,971,321	\$ 3,837,676	\$ 4,889,019

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

Note 11 – 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 the grantors review indicates that the funds have not been used for the intended purpose, the grantors' may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant program 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 certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 12 – Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, the District carries their insurance with Kentucky Employers' Mutual Insurance (KEMI), which is located in Lexington Kentucky. KEMI is a mutual insurance company regulated by the Kentucky Department of Insurance. The District pays annual premiums for their coverage. The premium for workers' compensation is based on a formula. The District is assigned a classification code for their industry and each classification code has a corresponding rate. Multiplying the rate times the estimated payroll for operations then dividing by 100 will give the base premium, in some cases, modifiers may also be added, based on eligibility, which may increase or decrease the premium. In other cases, additional coverage may be requested that increase the premium.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13 – COBRA:

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

Note 14 – On-Behalf Payments:

For fiscal year 2021, the Commonwealth of Kentucky contributed payments on behalf of the Greenup County School District as follows:

Plan/Description	Amount
KTRS - Pension	\$ 3,680,634
KTRS - OPEB	277,946
Health and Life Insurance	3,038,386
Administrative Fee	44,035
HRA/Dental/Vision	274,400
Federal Reimbursement	(183,780)
Technology	90,214
Debt Service	355,230
Total On-Behalf	\$ 7,577,065

These amounts are included the Government-wide Statement of Activities as State Revenue and an expense allocated to the different functions in the same proportion as full-time employees.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 15 – Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2021, are as follows:

	General Current Expense Fund	Special Revenue Fund	District Activity Fund	School Activity Funds	Debt Service Fund	Capital Outlay Fund	Building Fund	Construction Fund	Total Governmental Funds
Restricted:									
Accrued Sick Leave	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Other	-	-	-	-	-	-	-	195,226	195,226
SFCC Escrow - Current	-	-	-	-	-	10,875	19,985	-	30,860
Fund Balance Committed to:									
Activity Funds	-	-	35,147	208,817	-	-	-	-	243,964
Assigned to:									
Site Based Carryforward	128,254	5,118	-	-	-	-	-	-	133,372
Unassigned	5,139,941	(67,122)	(3,557)	(22,420)	-	-	-	(15,279)	5,031,563
Total Fund Balance	\$ 5,518,195	\$ (62,004)	\$ 31,590	\$ 186,397	\$ -	\$ 10,875	\$ 19,985	\$ 179,947	\$ 5,884,985

A deficit unassigned fund balance of \$67 thousand exists in the Special Revenue Fund. The deficit results from the encumbrances of funds without accruing intergovernmental revenues for reimbursement of expenditures. The District accrues intergovernmental revenues only when all eligibility requirements have been met, including the requirement that allowable costs must have been actually incurred.

Note 16 – Encumbrances:

The District had \$57 thousand in encumbrances as of June 30, 2021. These are reported in the General Fund and Special Revenue Fund, as Assigned to Site Based Carryforward.

Note 17 – Change In Accounting Principle:

The District Implemented GASB Statement No. 84, *Fiduciary Activities* effective July 1, 2020. As a result, beginning net position and fund balance has been restated to reflect the student activity fund balance of \$208,820 in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, respectively.

Note 18 – Commitments, Contingencies, and Subsequent Events:

All commitments, contingencies, and subsequent events have been evaluated by management and have been properly disclosed up through November 12, 2021, the date of this report.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ -	\$ 7,300,000	\$ 7,304,326	\$ 4,326
Interest Income	30,000	30,000	1,891	(28,109)
State Sources	16,116,500	16,116,500	18,464,507	2,348,007
Federal Sources	3,500	35,000	87,797	52,797
Other Local Sources	25,000	25,000	222,943	197,943
Total Revenues	<u>\$ 16,175,000</u>	<u>\$ 23,506,500</u>	<u>\$ 26,081,464</u>	<u>\$ 2,574,964</u>
Expenditures:				
Instruction	\$ 11,290,931	\$ 11,290,931	\$ 12,737,498	\$ (1,446,567)
Support Services:				
Students	2,024,946	2,024,946	2,539,111	(514,165)
Instructional Staff	1,253,917	1,253,917	1,575,732	(321,815)
District Administration	1,443,440	1,443,440	960,256	483,184
School Administration	2,007,137	2,007,137	2,188,716	(181,579)
Business and Other Support Services	595,940	595,940	724,810	(128,870)
Operation and Maintenance of Plant	3,277,518	3,277,518	2,843,444	434,074
Student Transportation	2,163,900	2,163,900	1,701,588	462,312
Community Services	-	-	-	-
Debt Service	361,480	361,480	361,479	1
Total Expenditures	<u>\$ 24,419,209</u>	<u>\$ 24,419,209</u>	<u>\$ 25,632,634</u>	<u>\$ (1,213,425)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 260,000	\$ 260,000	\$ 259,958	\$ (42)
Transfers Out	(54,000)	(54,000)	(54,014)	(14)
Total Other Financing Sources (Uses)	<u>\$ 206,000</u>	<u>\$ 206,000</u>	<u>\$ 205,944</u>	<u>\$ (56)</u>
Net Change In Fund Balance	<u>\$ (8,038,209)</u>	<u>\$ (706,709)</u>	<u>\$ 654,774</u>	<u>\$ 1,361,483</u>
Fund Balance, June 30, 2020	\$ 3,610,451	\$ 2,778,130	\$ 4,863,421	\$ 2,085,291
Fund Balance, June 30, 2021	<u><u>\$ (4,427,758)</u></u>	<u><u>\$ 2,071,421</u></u>	<u><u>\$ 5,518,195</u></u>	<u><u>\$ 3,446,774</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest Income	-	-	-	-
State Sources	1,651,644	1,651,644	1,601,071	(50,573)
Federal Sources	1,909,054	1,909,054	2,930,920	1,021,866
Other Local Sources	10,500	10,500	15,745	5,245
Total Revenues	<u>\$ 3,571,198</u>	<u>\$ 3,571,198</u>	<u>\$ 4,547,736</u>	<u>\$ 976,538</u>
Expenditures:				
Instruction	\$ 3,121,456	\$ 3,121,456	\$ 3,914,289	\$ (792,833)
Support Services				
Students	63,645	63,645	50,378	13,267
Instructional Staff	38,486	38,486	38,057	429
District Administration	-	-	267,989	(267,989)
Operation and Maintenance of Plant	78,736	78,736	88,982	(10,246)
Community Services	306,374	306,374	296,549	9,825
Total Expenditures	<u>\$ 3,608,697</u>	<u>\$ 3,608,697</u>	<u>\$ 4,656,244</u>	<u>\$ (1,047,547)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>\$ (37,499)</u>	<u>\$ (37,499)</u>	<u>\$ (108,508)</u>	<u>\$ 2,024,085</u>
Other Financing Sources (Uses):				
Transfers In	\$ 51,140	\$ 51,140	\$ 51,140	\$ -
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 51,140</u>	<u>\$ 51,140</u>	<u>\$ 51,140</u>	<u>\$ -</u>
Net Change In Fund Balance	<u>\$ 13,641</u>	<u>\$ 13,641</u>	<u>\$ (57,368)</u>	<u>\$ (30,086)</u>
Fund Balance, June 30, 2020	\$ -	\$ -	\$ (4,636)	\$ (4,636)
Fund Balance, June 30, 2021	<u>\$ 13,641</u>	<u>\$ 13,641</u>	<u>\$ (62,004)</u>	<u>\$ (34,722)</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Reported Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<u>COUNTY EMPLOYEES RETIREMENT SYSTEM:</u>							
District's proportion of the net pension liability	0.158987%	0.155065%	0.166222%	0.167995%	0.168460%	0.163970%	0.168008%
District's proportionate share of the net pension liability	\$ 12,192,714	\$ 10,905,791	\$ 10,123,426	\$ 9,833,264	\$ 8,249,204	\$ 7,049,916	\$ 5,451,000
District's covered-employee payroll	\$ 4,040,781	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246	\$ 4,068,338	\$ 3,870,696
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	301.7415%	262.6216%	254.7289%	234.0206%	198.3341%	173.2874%	140.8300%
Plan fiduciary net position as a percentage of the total pension liability	47.810%	50.447%	53.540%	53.300%	55.500%	59.970%	66.800%
<u>KENTUCKY TEACHER'S RETIREMENT SYSTEM</u>							
District's proportion of the net pension liability	0.3533%	0.3621%	0.3803%	0.3792%	0.3726%	0.3643%	0.3650%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 50,850,096	\$ 49,409,330	\$ 49,803,330	\$ 102,329,629	\$ 109,925,662	\$ 84,773,477	\$ 74,703,628
Total	<u>\$ 50,850,096</u>	<u>\$ 49,409,330</u>	<u>\$ 49,803,330</u>	<u>\$ 102,329,629</u>	<u>\$ 109,925,662</u>	<u>\$ 84,773,477</u>	<u>\$ 74,703,628</u>
District's covered-employee payroll	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 12,175,364	\$ 11,838,464	\$ 11,396,368
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	58.270%	58.800%	59.300%	39.830%	35.220%	42.500%	45.590%

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

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
<u>COUNTY EMPLOYEES RETIREMENT SYSTEM:</u>								
Contractually required contribution	\$ 779,871	\$ 801,464	\$ 644,615	\$ 608,432	\$ 580,215	\$ 505,287	\$ 493,514	\$ 529,251
Contributions in relation to the contractually required contribution	<u>\$ 779,871</u>	<u>\$ 801,464</u>	<u>\$ 644,615</u>	<u>\$ 608,432</u>	<u>\$ 580,215</u>	<u>\$ 505,287</u>	<u>\$ 493,514</u>	<u>\$ 529,251</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 4,040,781	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246	\$ 4,068,338	\$ 3,870,696	\$ 3,851,898
District's contributions as a percentage of its covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
<u>KENTUCKY TEACHER'S RETIREMENT SYSTEM</u>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 12,175,364	\$ 11,838,464	\$ 11,396,368	\$ 11,384,328
District's contributions as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

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

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Changes in Assumptions:

CERS

There were no changes of assumptions.

KTRS

There were no changes of assumptions.

Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions:

CERS

House Bill 362 passed during the 2018 legislative session caps CERS employer contribution rate increases up to 12% per year over the prior fiscal year for the report of July 1, 2018 to June 30, 2028. Senate Bill 249 of the 2021 regular session of the legislature reset the amortization period back to 30 years from 24 years. It set the CERS employer contribution rates at the current 2021 level for once more year: 24.06%.

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	26 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.55% to 15.55%
Investment Rate of Return	6.25%, net of pension plan investments expense, including inflation

KTRS

There were no such changes.

Note 3 – Change of Benefits:

There were no changes in benefit terms for KTRS or CERS.

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
<u>COUNTY EMPLOYEES RETIREMENT SYSTEM- INSURANCE FUND:</u>				
District's proportion of the net OPEB liability	0.158930%	0.155025%	0.166216%	0.167995%
District's proportionate share of the net OPEB liability	\$ 3,837,679	\$ 2,607,451	\$ 2,951,132	\$ 3,377,274
District's covered-employee payroll	\$ 4,052,580	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	94.697%	62.790%	74.257%	80.375%
Plan fiduciary net position as a percentage of the total OPEB liability	51.670%	60.440%	57.620%	52.400%
<u>KENTUCKY TEACHER'S RETIREMENT SYSTEM- MEDICAL INSURANCE PLAN:</u>				
District's proportion of the net OPEB liability	0.192466%	0.193523%	0.365618%	0.364027%
District's proportionate share of the net OPEB liability	\$ 4,857,000	\$ 5,664,000	\$ 6,814,000	\$ 7,144,000
State's proportionate share of the net OPEB liability associated with the District	\$ 3,891,000	\$ 4,574,000	\$ 5,872,000	\$ 5,836,000
Total	<u>\$ 8,748,000</u>	<u>\$ 10,238,000</u>	<u>\$ 12,686,000</u>	<u>\$ 12,980,000</u>
District's covered-employee payroll	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,442,462
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	37.715%	46.263%	57.014%	62.434%
Plan fiduciary net position as a percentage of the total OPEB liability	39.050%	32.580%	25.500%	21.180%

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

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
<u>KENTUCKY TEACHER'S RETIREMENT SYSTEM-</u>				
<u>LIFE INSURANCE PLAN:</u>				
District's proportion of the net OPEB liability	0.338950%	0.341987%	0.357271%	0.355782%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 118,000	\$ 106,000	\$ 101,000	\$ 78,000
Total	<u>\$ 118,000</u>	<u>\$ 106,000</u>	<u>\$ 101,000</u>	<u>\$ 78,000</u>
District's covered-employee payroll	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	71.570%	73.400%	75.000%	79.990%

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

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>COUNTY EMPLOYEES RETIREMENT SYSTEM</u>					
<u>INSURANCE FUND:</u>					
Contractually required contribution	\$ 192,903	\$ 197,667	\$ 209,043	\$ 197,450	\$ 196,732
Contributions in relation to the contractually required contribution	<u>\$ 192,903</u>	<u>\$ 197,667</u>	<u>\$ 209,043</u>	<u>\$ 197,450</u>	<u>\$ 196,732</u>
Contribution deficiency (excess)				-	-
District's covered-employee payroll	\$ 4,052,580	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246
District's contributions as a percentage of its covered-employee payroll	4.76%	4.76%	5.26%	4.70%	4.73%
<u>KENTUCKY TEACHER'S RETIREMENT SYSTEM -</u>					
<u>MEDICAL INSURANCE PLAN:</u>					
Contractually required contribution	\$ 386,340	\$ 367,292	\$ 358,544	\$ 356,675	\$ 343,275
Contributions in relation to the contractually required contribution	<u>\$ 386,340</u>	<u>\$ 367,292</u>	<u>\$ 358,544</u>	<u>\$ 356,675</u>	<u>\$ 343,275</u>
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 11,442,462
District's contributions as a percentage of its covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%

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

GREENUP COUNTY SCHOOL DISTRICT
 SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 11,442,462
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Changes in Assumptions:

CERS Insurance Fund

There were no changes of assumptions

KTRS Insurance Fund

Medical Insurance Plan - There were no changes of assumptions.

Life Insurance Plan - There were no changes of assumptions.

Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions:

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2020:

Valuation Date	June 30, 2019
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	25 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions (Cont.):

KTRS Insurance Fund

Medical Insurance Plan - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	30 years, Open
Asset Valuation Method	Five-year, smoothed value
Inflation	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary Increases, including	
Wage Inflation	3.50% - 7.20%
Discount Rate	8.00%
Health Care Cost Trends	
Under 65	7.50% for FY2020 decreasing to an ultimate rate of 5.00% by FY2024
Ages 65 and older	5.50% for FY2019 decreasing to an ultimate rate of 5.00% by FY2021
Medicare Part B Premiums	2.63% for FY2019 with an ultimate rate of 5.00% by FY2031
Under Age 65 Claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions (Cont.):

Life Insurance Plan - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	30 years, Open
Asset Valuation Method	Market Value
Inflation	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

Note 3 – Changes in Benefits:

There were no changes in benefit terms for KTRS or CERS.

GREENUP COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Capital Outlay Fund	Construction Fund	Building Fund	Debt Service Fund	School Activity Funds	District Activity Funds	Total Non-Major Governmental Funds
Assets:							
Cash and Cash Equivalents	\$ 10,875	\$ 184,467	\$ 19,985	\$ -	\$ 186,397	\$ 31,590	\$ 433,314
Total Assets	<u>\$ 10,875</u>	<u>\$ 184,467</u>	<u>\$ 19,985</u>	<u>\$ -</u>	<u>\$ 186,397</u>	<u>\$ 31,590</u>	<u>\$ 433,314</u>
Liabilities:							
Accounts Payable	\$ -	\$ 4,520	\$ -	\$ -	\$ -	\$ -	\$ 4,520
Total Liabilities	<u>\$ -</u>	<u>\$ 4,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,520</u>
Fund Balances:							
Restricted	\$ 10,875	\$ 195,226	\$ 19,985	\$ -	\$ -	\$ -	\$ 226,086
Committed	-	-	-	-	208,817	35,147	243,964
Unassigned	-	(15,279)	-	-	(22,420)	(3,557)	(41,256)
Total Fund Balances	<u>10,875</u>	<u>179,947</u>	<u>19,985</u>	<u>-</u>	<u>186,397</u>	<u>31,590</u>	<u>428,794</u>
Total Liabilities and Fund Balances	<u>\$ 10,875</u>	<u>\$ 184,467</u>	<u>\$ 19,985</u>	<u>\$ -</u>	<u>\$ 186,397</u>	<u>\$ 31,590</u>	<u>\$ 433,314</u>

See Notes to the Basic Financial Statements.

GREENUP 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

	Capital Outlay Fund	Construction Fund	Building Fund	Debt Service Fund	School Activity Funds	District Activity Funds	Total Non-Major Governmental Funds
Revenues:							
Taxes	\$ -	\$ -	\$ 496,530	\$ -	\$ -	\$ -	\$ 496,530
Interest Income	-	809	-	-	325	-	1,134
Intergovernmental - State	243,524	-	618,809	355,230	-	-	1,217,563
Other Local Revenues	-	-	-	-	272,585	341	272,926
Total Revenues	\$ 243,524	\$ 809	\$ 1,115,339	\$ 355,230	\$ 272,910	\$ 341	\$ 1,988,153
Expenditures:							
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 276,162	\$ 11,240	\$ 287,402
Instructional Staff	-	-	-	-	8,837	-	8,837
Operation and Maintenance of Plant	-	935,090	-	-	-	1,622	936,712
Student Transportation	-	-	-	-	1,370	-	1,370
Debt Service	-	-	-	1,458,221	-	-	1,458,221
Total Expenditures	\$ -	\$ 935,090	\$ -	\$ 1,458,221	\$ 286,369	\$ 12,862	\$ 2,692,542
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 243,524	\$ (934,281)	\$ 1,115,339	\$ (1,102,991)	\$ (13,459)	\$ (12,521)	\$ (704,389)
Other Financing Sources (Uses):							
Operating Transfers In	\$ 12,348	\$ -	\$ -	\$ 1,102,991	\$ -	\$ 8,964	\$ 1,124,303
Operating Transfers Out	(255,872)	-	(1,115,339)	-	(8,964)	-	(1,380,175)
Total Other Financing (Uses) Sources	\$ (243,524)	\$ -	\$ (1,115,339)	\$ 1,102,991	\$ (8,964)	\$ 8,964	\$ (255,872)
Net Change in Fund Balance	\$ -	\$ (934,281)	\$ -	\$ -	\$ (22,423)	\$ (3,557)	\$ (960,261)
Fund Balances, June 30, 2020, As Restated	\$ 10,875	\$ 1,114,228	\$ 19,985	\$ -	\$ 208,820	\$ 35,147	\$ 1,389,055
Fund Balances, June 30, 2021	\$ 10,875	\$ 179,947	\$ 19,985	\$ -	\$ 186,397	\$ 31,590	\$ 428,794

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Cash Balance June 30, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Transfers	Deposits Held In Custody For Students June 30, 2021
	\$	\$	\$	\$	\$	\$
Greenup County High School	109,302	143,671	168,083	84,890	-	84,890
McKell Middle School	6,460	21,817	14,161	14,116	-	14,116
Wurtland Middle School	23,412	39,013	31,265	31,160	-	31,160
Argilite Elementary	5,646	11,988	12,435	5,199	-	5,199
Greysbranch Elementary	20,826	29,144	36,908	13,062	-	13,062
McKell Elementary	23,492	8,842	14,491	17,843	-	17,843
Wurtland Elementary	9,231	7,742	8,620	8,353	-	8,353
Middle School Split	8,293	7,935	6,444	9,784	-	9,784
Misc.	1,218	10	152	1,076	-	1,076
Preschool	937	2,745	2,768	914	-	914
Total	<u>208,817</u>	<u>272,907</u>	<u>295,327</u>	<u>186,397</u>	<u>-</u>	<u>186,397</u>

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS - GREENUP COUNTY HIGH SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Cash Balance June 30, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Accounts Receivable (Payable)	Total
General Account	\$ 382	\$ 180	\$ 35	\$ 527	\$ -	\$ 527
Robotics	3	400	480	(77)	-	(77)
Archery	619	-	619	-	-	-
Library	197	139	20	316	-	316
CMPS	14	-	-	14	-	14
CMPS Christmas Project	144	199	-	343	-	343
Beta	93	130	221	2	-	2
Drama	144	-	-	144	-	144
Textbook Fees	334	-	-	334	-	334
ROTC	20,944	-	78	20,866	-	20,866
Art	305	760	-	1,065	-	1,065
Prom Committee	1,650	2,750	4,288	112	-	112
Advance Placement Tests	1,123	306	306	1,123	-	1,123
Seniors	481	2,455	2,437	499	-	499
Student Government	174	-	175	(1)	-	(1)
Graphics	794	1,926	2,037	683	-	683
Spanish Honor Society	5	-	-	5	-	5
Bowling Field Trip Account	108	-	-	108	-	108
Yearbook	5,887	950	2,407	4,430	-	4,430
After Prom	3,835	500	500	3,835	-	3,835
Choir	481	-	-	481	-	481
Food Bank	589	-	-	589	-	589
Scholarship	4,321	5,687	2,800	7,208	-	7,208
Class of 1999 Scholarship	1,200	-	500	700	-	700
Earl Belford	101	-	-	101	-	101
GC Employee's Scholarship	1,721	827	1,000	1,548	-	1,548
Social Studies Honor Society	871	-	-	871	-	871
Christian Athletes	239	-	-	239	-	239
Devin Rose Scholarship	102	-	-	102	-	102
Family Resource	11	6,705	6,016	700	-	700
KYA	382	-	-	382	-	382
Science Olympiad	23	-	-	23	-	23
Science Lab	200	-	-	200	-	200
Tech Conference	20	-	-	20	-	20
STLP	25	-	-	25	-	25
Success Academy	305	-	-	305	-	305
General Athletics	20,068	73,312	80,207	13,173	-	13,173
BOE Athletics	24,487	37,819	52,894	9,412	-	9,412
Athletic Trainer	522	-	50	472	-	472
Bass Fishing Booster	187	4,104	2,326	1,965	-	1,965
Cross Country Booster	1,649	-	-	1,649	-	1,649
Track Booster	1,668	3,208	4,248	628	-	628
GCHS Volleyball Booster	4,493	608	1,177	3,924	-	3,924
Boys/Girls Soccer Booster	5,629	115	1,272	4,472	-	4,472
Girls Golf Booster	1,439	591	1,990	40	-	40
Tennis Booster	833	-	-	833	-	833
Boys Golf Booster	500	-	-	500	-	500
Total	<u>\$ 109,302</u>	<u>\$ 143,671</u>	<u>\$ 168,083</u>	<u>\$ 84,890</u>	<u>\$ -</u>	<u>\$ 84,890</u>

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures Paid</u>
U.S. Department of Agriculture:			
Passed through State Department of Education			
Child Nutrition Cluster:			
Cash Assistance:			
Summer Food Service for Children	10.559	7740023	\$ 1,381,378
Non-Cash Assistance:			
National School Lunch Program	10.555	057502	66,650
Total Child Nutrition Cluster			<u>1,448,028</u>
Child and Adult Care Food Program	10.558	7760005	12,787
Total U.S. Department of Agriculture			<u>1,460,815</u>
U.S. Department of Education:			
Passed through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3100002	718,922
Vocational Education Basic Grants to States	84.048	3710002	10,920
Special Education Cluster:			
Special Education Grants to States - IDEA, Part B	84.027	3810002	406,780
Special Education - Pre-School	84.173	3800002	24,402
Total Special Education Cluster			<u>431,182</u>
Twenty-First Century Community Learning Centers -550E	84.287	3400002	66,633
Striving Readers Literacy Grant	84.287C	3220002	255,139
Improving Teacher Quality State Grants	84.367	3230002	54,386
Title IV - A Student Support and Academic Enrichment Grant	84.424	3420002	78,078
Governor's Emergency Education Relief Fund (COVID-19)	84.425C	CARES	122,749
CARES Act Education Stabilization Fund (COVID-19)	84.425D	4000002	361,140
Total U.S. Department of Education			<u>\$ 2,099,149</u>

See Notes to the Schedule of Expenditures of Federal Awards.

GREENUP COUNTY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	<u>Federal</u> CFDA <u>Number</u>	<u>Pass-Through</u> Grantor's <u>Number</u>	<u>Expenditures</u> <u>Paid</u>
U.S. Department of Defense:			
Direct Program:			
Basic, Applied, and Advanced Research in Science and Engineering	12.000	20	\$ 69,002
Total U.S. Department of Defense			<u>69,002</u>
U.S. Department of Health and Human Services			
Passed Through Kentucky School Board Association			
Medical Assistance Program			
Fiscal Year 2021	93.778	110-4810	36,519
Total U.S. Department of Health and Human Services			<u>36,519</u>
			<u><u>\$ 3,665,485</u></u>

See Notes to the Schedule of Expenditures of Federal Awards.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greenup County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 – Food Distribution:

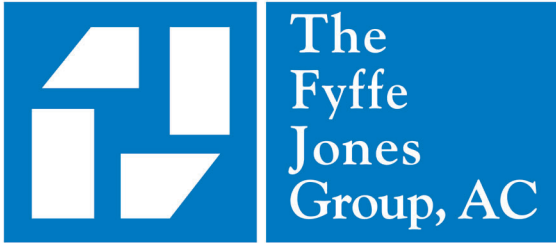
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, commodities on hand are included on the total inventory of \$45,606.

Note 3 – Indirect Cost:

The Greenup County School District did not elect to use the 10% de minimis indirect cost rate for its federal programs.

Note 4 – Subrecipients:

The Greenup County School District did not have subrecipients during the 2021 fiscal year.



The Fyffe Jones Group, AC

2155 Carter Avenue
P.O. Box 2245
Ashland, KY 41105-2245
606-329-8604

806 Chillicothe Street
Portsmouth, OH 45662
740-353-0400

1033 Twentieth Street
P.O. Box 1148
Huntington, WV 25713-1148
304-525-8592

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greenup 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 Greenup County School District's basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greenup 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 Greenup County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greenup County School District's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that were reported to management of the Greenup County School District in a separate letter dated November 12, 2021.

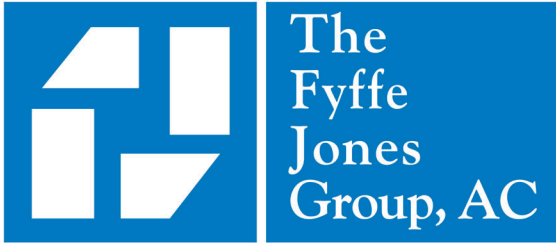
Purpose of this Report

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.



THE FYFFE JONES GROUP, AC

Ashland, Kentucky
November 12, 2021



The Fyffe Jones Group, AC

2155 Carter Avenue
P.O. Box 2245
Ashland, KY 41105-2245
606-329-8604

806 Chillicothe Street
Portsmouth, OH 45662
740-353-0400

1033 Twentieth Street
P.O. Box 1148
Huntington, WV 25713-1148
304-525-8592

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

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

Report on Compliance for Each Major Federal Program

We have audited the Greenup 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 Greenup County School District's major federal programs for the year ended June 30, 2021. The Greenup 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Greenup County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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" Section of the *Kentucky Public School Districts' 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 Greenup 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 Greenup County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Greenup 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 Greenup 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 Greenup 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 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 Greenup County School District's internal control over compliance.

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

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

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

The Fyffe Jones Group, AC

THE FYFFE JONES GROUP, AC

Ashland, Kentucky
November 12, 2021

GREENUP COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. Summary of Audit Results:

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

The District had the following major federal award programs with CFDA numbers in parentheses for the year ended June 30, 2021:

Child Nutrition Cluster (10.553/10.555/10.559)

The dollar threshold used for distinguishing between Type A and Type B programs was \$750,000.

The Greenup County School District qualified as a low-risk auditee under Uniform Guidance.

B. Findings Relating to the Financial Statements Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

No matters were reported.

C. Findings and Questioned Costs Related to Federal Awards:

No matters were reported.

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

No findings reported in the prior year.

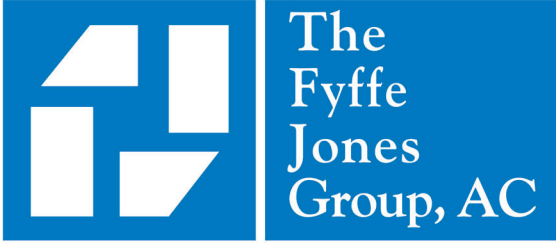
GREENUP COUNTY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Name of Contact Person:

Traysea Moresea (606) 473-5710

Corrective Action Planned:

No corrective action plan is needed in the current year.



The Fyffe Jones Group, AC

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P.O. Box 2245
Ashland, KY 41105-2245
606-329-8604

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

In planning and performing our audit of the financial statements of Greenup County School District (the "District") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

During our audit, we did not become aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated November 12, 2021, on the financial statements of the District.

Our prior year management letter did not include any issues needing addressed, therefore, we did not find it necessary to review any comments or follow up on any resolutions from the previous year.

The Fyffe Jones Group, AC

THE FYFFE JONES GROUP, AC
Ashland, Kentucky
November 12, 2021

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Current Year Management Points

None.

Status of Prior Year Management Points

There were no management points in the prior year.

APPENDIX C

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

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 6th day of April , 2022 by and between the Board of Education of Greenup County, Kentucky School District ("Board"); the Greenup 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 \$1,045,000 of the Corporation's School Building Revenue Bonds, Series of 2022, dated April 6, 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 its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information and operating data provided annually, of the type included in the FOS with respect to the Board in accordance with guidelines established by the National Federation of Municipal Analysts, and shall include annual audited financial statements for the Board in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the Board and the information provided in the FOS under the headings "OUTSTANDING BONDS", "BOND DEBT SERVICE", "DISTRICT STUDENT POPULATION", "LOCAL SUPPORT - Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment". If audited

financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

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

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

2. MATERIAL EVENTS NOTICES

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

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

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

- (A) Debt obligation;
- (B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) Guarantee of paragraph (A) or (B) above.

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

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

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

Chairperson

Attest:

Secretary

GREENUP COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

President

Attest:

Secretary

APPENDIX D

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

Audited Financial Statement ending June 30, 2021

**OFFICIAL
TERMS AND CONDITIONS OF BOND SALE**

\$1,045,000*

**Greenup County School District Finance Corporation
School Building Revenue Bonds, Series of 2022
Dated April 6, 2022**

SALE: March 16, 2022 AT 1:00 P.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Greenup County School District Finance Corporation ("Corporation") will until March 16, 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 \$105,000.

**GREENUP 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 Greenup 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 improvements at Greysbranch Elementary 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 the school building(s) which constitute 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 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 \$46,652 to be applied to 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 \$46,652 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 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 April 6, 2022, payable on October 1, 2022, and semi annually thereafter and shall mature as to principal on April 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$40,000	2033	\$50,000
2024	40,000	2034	55,000
2025	45,000	2035	55,000
2026	45,000	2036	55,000
2027	45,000	2037	60,000
2028	45,000	2038	60,000
2029	45,000	2039	60,000
2030	45,000	2040	65,000
2031	50,000	2041	65,000
2032	50,000	2042	70,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$105,000 which may be applied in any or all maturities.

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

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). First & Peoples Bank and Trust Company, Russell, 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 October 1 and April 1 of each year, beginning October 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 \$1,024,100 (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 \$1,045,000 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 \$105,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$940,000 or a maximum of \$1,150,000. 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 \$1,045,000 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 March 16, 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 April 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. Proposals are currently pending in both Federal houses which, if passed, would eliminate the ability of the issuer to advance refund the Bonds. 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, Greenup County Board of Education, 45 Musketeer Drive, Greenup, Kentucky 41144 (606-473-9819).

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are "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 calculating the Federal alternative minimum tax.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

The 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.

**GREENUP COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ Traysea Moresea
Secretary

APPENDIX E

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

Official Bid Form

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

The Greenup County School District Finance Corporation ("Corporation" or "Issuer"), will until 1:00 P.M., E.S.T., on March 16, 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 \$1,045,000 School Building Revenue Bonds, Series of 2022, dated April 6, 2022; maturing April 1, 2023 through 2042 ("Bonds").

We hereby bid for said \$1,045,000* principal amount of Bonds, the total sum of \$_____ (not less than \$1,024,100) plus accrued interest from April 6, 2022 payable October 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 April 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	\$40,000	_____%	2033	\$50,000	_____%
2024	40,000	_____%	2034	55,000	_____%
2025	45,000	_____%	2035	55,000	_____%
2026	45,000	_____%	2036	55,000	_____%
2027	45,000	_____%	2037	60,000	_____%
2028	45,000	_____%	2038	60,000	_____%
2029	45,000	_____%	2039	60,000	_____%
2030	45,000	_____%	2040	65,000	_____%
2031	50,000	_____%	2041	65,000	_____%
2032	50,000	_____%	2042	70,000	_____%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$1,150,000 of Bonds or as little as \$940,000 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 March 16, 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 April 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 First & Peoples Bank and Trust Company, Russell, Kentucky, Attn: Ms. Jeannie C. Fraley, VP (606-836-0211).

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about April 6, 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 April 6, 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 Greenup 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: March 16, 2022

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