

PRELIMINARY OFFICIAL STATEMENT

DATED MAY 16, 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).

\$8,430,000\*

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

Dated with Delivery: June 14, 2022

Due: as shown below

Interest on the Bonds is payable each June 1 and December 1, beginning December 1, 2022. The Bonds will mature as to principal on June 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.

Table with 10 columns: Maturing 1-Jun, Amount\*, Interest Rate, Reoffering Yield, CUSIP, Maturing 1-Jun, Amount\*, Interest Rate, Reoffering Yield, CUSIP. Rows list bond years from 2023 to 2032 with corresponding amounts and rates.

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 Taylor 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 Taylor County Board of Education.

The Taylor County (Kentucky) School District Finance Corporation will until May 24, 2022, at 11:00 A.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 \$845,000.

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.

**TAYLOR COUNTY, KENTUCKY  
BOARD OF EDUCATION**

David Hall, Chairperson  
Deanna Hunt, Member  
Bob Clark, Member  
Jason Cox, Member  
Tommy Raikes, Member

Charles Higdon, Jr., Superintendent/Secretary

**TAYLOR COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

David Hall, President  
Deanna Hunt, Member  
Bob Clark, Member  
Jason Cox, Member  
Tommy Raikes, Member

Charles Higdon, Jr., Secretary  
Jeremy Wood, Treasurer

**BOND COUNSEL**

Steptoe & Johnson PLLC  
Louisville, Kentucky

**FINANCIAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

U. S. Bank Trust Company, National Association  
Louisville, 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 Taylor 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**

**\$8,430,000\***

**TAYLOR 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 Taylor 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 Taylor County High 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 Taylor 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 Taylor 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 June 14, 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](http://www.dtcc.com).

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

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

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

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

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

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

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

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

## **THE CORPORATION**

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.290 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 \$13,551 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](http://www.osbd.ky.gov)

### **OUTSTANDING BONDS**

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



<b>Bond Series</b>	<b>Original Principal</b>	<b>Current Principal Outstanding</b>	<b>Principal Assigned to Board</b>	<b>Principal Assigned to Commission</b>	<b>Approximate Interest Rate Range</b>	<b>Final Maturity</b>
2012-REF	\$1,840,000	\$360,000	\$1,840,000	\$0	1.850%	2024
2015	\$45,585,000	\$34,855,000	\$25,225,969	\$20,359,031	3.000% - 3.250%	2035
2016	\$2,585,000	\$1,985,000	\$2,521,171	\$63,829	2.000% - 2.750%	2036
2019 Rev & Energy	\$4,245,000	\$3,915,000	\$4,245,000	\$0	2.000% - 2.625%	2039
2020	\$1,680,000	\$1,370,000	\$1,680,000	\$0	2.000%	2030
<b>TOTALS:</b>	<b>\$55,935,000</b>	<b>\$42,485,000</b>	<b>\$35,512,140</b>	<b>\$20,422,860</b>		

## **AUTHORITY**

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

- i) the issuance of approximately \$8,430,000 of Bonds subject to a permitted adjustment of \$845,000;
- 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 June 14, 2022, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2022, and will mature as to principal on June 1, 2033 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). U.S. Bank Trust Company, National Association, Louisville, 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 December 1 and June 1 of each year, beginning December 1, 2022 (Record Date is the 15th day of month preceding interest due date).

### **Redemption**

The Bonds maturing on or after June 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2030, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
June 1, 2030 and thereafter	100%

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

## SECURITY

### General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the 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 June 14, 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 June 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 \$13,551 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 two percent (2%) 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 Taylor County High 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 98% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	---- Series 2022 School Building Revenue Bonds ----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	Local Portion	SFCC Portion	
2023	\$2,139,076	\$25,000	\$132,771	\$350,951	\$337,400	\$13,551	\$2,476,477
2024	\$2,141,163	\$15,000	\$135,375	\$346,665	\$333,115	\$13,550	\$2,474,277
2025	\$2,139,426	\$20,000	\$134,575	\$351,215	\$337,665	\$13,550	\$2,477,091
2026	\$2,138,852	\$20,000	\$133,775	\$350,615	\$337,064	\$13,551	\$2,475,916
2027	\$2,137,257	\$20,000	\$132,975	\$350,015	\$336,465	\$13,550	\$2,473,721
2028	\$2,138,535	\$20,000	\$132,175	\$349,315	\$335,765	\$13,550	\$2,474,300
2029	\$2,137,238	\$25,000	\$131,375	\$353,615	\$340,064	\$13,551	\$2,477,303
2030	\$2,138,214	\$25,000	\$130,575	\$352,740	\$339,190	\$13,550	\$2,477,404
2031	\$2,141,523	\$20,000	\$129,775	\$346,840	\$333,290	\$13,550	\$2,474,812
2032	\$2,141,519	\$20,000	\$128,975	\$346,120	\$332,569	\$13,551	\$2,474,088
2033	\$2,139,843	\$25,000	\$128,175	\$350,400	\$336,850	\$13,550	\$2,476,692
2034	\$2,139,652	\$25,000	\$127,375	\$349,463	\$335,912	\$13,551	\$2,475,564
2035	\$2,136,907	\$30,000	\$126,475	\$353,525	\$339,974	\$13,551	\$2,476,881
2036	\$767,111	\$1,035,000	\$125,575	\$1,357,400	\$1,343,849	\$13,551	\$2,110,960
2037	\$765,613	\$1,075,000	\$111,200	\$1,358,070	\$1,344,519	\$13,551	\$2,110,132
2038	\$386,082	\$1,115,000	\$96,450	\$1,357,220	\$1,343,670	\$13,550	\$1,729,752
2039	\$382,337	\$1,160,000	\$78,300	\$1,359,850	\$1,346,299	\$13,551	\$1,728,636
2040		\$1,205,000	\$59,550	\$1,358,450	\$1,344,899	\$13,551	\$1,344,899
2041		\$1,250,000	\$40,200	\$1,355,250	\$1,341,699	\$13,551	\$1,341,699
2042		\$1,300,000	\$20,400	\$1,355,250	\$1,341,699	\$13,551	\$1,341,699
<b>TOTALS:</b>	<b>\$30,110,348</b>	<b>\$8,430,000</b>	<b>\$2,236,046</b>	<b>\$14,052,969</b>	<b>\$13,781,957</b>	<b>\$271,012</b>	<b>\$43,892,305</b>

## ESTIMATED USE OF BOND PROCEEDS

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

<b>Sources:</b>	
Par Amount of Bonds	<u>\$8,430,000.00</u>
Total Sources	\$8,430,000.00
<b>Uses:</b>	
Deposit to Construction Fund	\$8,196,830.00
Underwriter's Discount (2%)	168,600.00
Cost of Issuance	<u>64,570.00</u>
Total Uses	\$8,430,000.00

## DISTRICT STUDENT POPULATION

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

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	2,300.0	2011-12	2,427.9
2001-02	2,366.3	2012-13	2,436.2
2002-03	2,428.0	2013-14	2,419.1
2003-04	2,398.1	2014-15	2,372.5
2004-05	2,375.0	2015-16	2,383.1
2005-06	2,421.0	2016-17	2,368.3
2006-07	2,396.9	2017-18	2,390.6
2007-08	2,419.9	2018-19	2,405.6
2008-09	2,420.3	2019-20	2,402.7
2009-10	2,433.2	2020-21	2,385.1
2010-11	2,452.4		

## 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 Taylor 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	230,000.0	2011-12	242,794.0
2001-02	236,630.0	2012-13	243,622.0
2002-03	242,800.0	2013-14	241,909.0
2003-04	239,810.0	2014-15	237,252.0
2004-05	237,500.0	2015-16	238,310.0
2005-06	242,100.0	2016-17	236,830.0
2006-07	239,690.0	2017-18	239,060.0
2007-08	241,990.0	2018-19	240,564.0
2008-09	242,032.0	2019-20	240,270.0
2009-10	243,316.0	2020-21	238,507.7
2010-11	245,238.0		

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	52.0	514,960,170	2,677,793
2001-02	52.5	526,588,109	2,764,588
2002-03	53.4	533,369,005	2,848,190
2003-04	53.4	586,808,368	3,133,557
2004-05	55.1	626,402,273	3,451,477
2005-06	55.8	670,300,434	3,740,276
2006-07	55.7	714,397,675	3,979,195
2007-08	55.8	759,307,727	4,236,937
2008-09	54.6	826,192,789	4,511,013
2009-10	54.6	813,259,851	4,440,399
2010-11	54.7	829,788,314	4,538,942
2011-12	55.4	841,873,763	4,663,981
2012-13	54.0	866,252,268	4,677,762
2013-14	60.7	876,507,527	5,320,401
2014-15	62.4	886,271,009	5,530,331
2015-16	66.4	893,803,163	5,934,853
2016-17	65.7	931,755,128	6,121,631
2017-18	66.8	976,820,167	6,525,159
2018-19	68.5	992,696,828	6,799,973
2019-20	68.5	1,024,839,255	7,020,149
2020-21	63.6	1,077,529,028	6,853,085

**OVERLAPPING BOND INDEBTEDNESS**

The following table shows any other overlapping bond indebtedness of the Taylor 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
<b>County of Taylor</b>			
General Obligation	\$39,829,850	\$9,410,540	\$30,419,310
Hospital Revenue	\$10,000,000	\$0	\$10,000,000
Improvement Project Renewable	\$61,949	\$52,795	\$9,154
Justice Center Refunding Revenue	\$9,080,000	\$0	\$9,080,000
<b>City of Campbellsville</b>			
General Obligation	\$3,040,000	\$1,080,000	\$1,960,000
Water & Sewer Revenue	\$8,045,000	\$3,958,000	\$4,087,000
KIA Loan Renewable	\$988,365	\$798,174	\$190,191
Improvement Project Revenue	\$1,064,000	\$88,800	\$975,200
Refinancing Lease Revenue	\$9,750,000	\$635,000	\$9,115,000
<b>Special Districts</b>			
Taylor County Public Health Taxing District	\$2,500,000	\$540,000	\$1,960,000
<b>Totals:</b>	<b>\$84,359,164</b>	<b>\$16,563,309</b>	<b>\$67,795,855</b>

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	8,459,523	2,677,793	11,137,316
2001-02	8,598,749	2,764,588	11,363,337
2002-03	9,019,720	2,848,190	11,867,910
2003-04	9,304,233	3,133,557	12,437,790
2004-05	9,424,146	3,451,477	12,875,623
2005-06	10,302,602	3,740,276	14,042,878
2006-07	10,215,620	3,979,195	14,194,815
2007-08	10,893,444	4,236,937	15,130,381
2008-09	11,164,753	4,511,013	15,675,766
2009-10	10,115,474	4,440,399	14,555,873
2010-11	10,148,882	4,538,942	14,687,824
2011-12	10,631,667	4,663,981	15,295,648
2012-13	10,591,213	4,677,762	15,268,975
2013-14	10,540,822	5,320,401	15,861,223
2014-15	10,588,398	5,530,331	16,118,729
2015-16	10,870,314	5,934,853	16,805,167
2016-17	10,765,429	6,121,631	16,887,060
2017-18	10,878,387	6,525,159	17,403,546
2018-19	11,293,678	6,799,973	18,093,651
2019-20	11,171,982	7,020,149	18,192,131
2020-21	10,419,025	6,853,085	17,272,110

- (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 \$0.636 for FY 2020-21. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

### State Budgeting Process

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



- b) fails to comply with the law.

### **POTENTIAL LEGISLATION**

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

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

### **CONTINUING DISCLOSURE**

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

The Board 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, Taylor County School District Board of Education, 1209 E. Broadway, Campbellsville, Kentucky 42718, Telephone 270-465-5371.

### **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 Taylor 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 Taylor 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 Taylor 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**

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

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**Demographic and Economic Data**

## TAYLOR COUNTY, KENTUCKY

Campbellsville, Kentucky, the county seat of Taylor County, is located in South-Central Kentucky, 86 miles southeast of Louisville, and 87 miles southwest of Lexington. Campbellsville had a population of 11,412 in 2017. Taylor County's 2017 population was 25,472.

### The Economic Framework

Taylor County firms employed 13,554 people in 2017. Manufacturing firms in the county reported 1,329 employees; trade, transportation and utilities provided 4,234 jobs; 4,208 were employed in the service industry; 414 people were employed in financial activities; information services provided 85 jobs; construction provided 227 jobs; 15 people were employed in natural resources and mining.

### Population

The following table lists the population figures for the county and surrounding areas as reported by the U.S. Department of Commerce and Bureau of Census:

<u>Year</u>	<u>Taylor County</u>	<u>City of Campbellsville</u>
2017	25,472	11,415
2016	25,397	11,387
2015	25,420	11,469
2014	25,120	11,282
2013	24,649	11,249
2012	24,677	11,120
2011	24,677	11,035
2010	24,563	10,625
2009	24,420	11,266

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

### Population Projections

The following table lists the population figures for the county and surrounding areas as reported by the University of Louisville, Urban Studies Center, State Data Center:

<u>Year</u>	<u>Taylor County</u>
2025	26,716
2020	26,079
2015	25,336

## EDUCATION

### Primary and Secondary Schools

The table below lists the Public School Districts enrollment and expenditures as reported by the Kentucky Department of Education, Office of Curriculum, Assessment and Accountability for 2016-2017:

<u>School</u>	<u>Total Enrollment</u>	<u>Pupil to Teacher Ratio</u>
Taylor County	2,584	17.1
Campbellsville Ind.	1,092	13.3

### College and Universities Schools

The table below lists the colleges and universities within a 60 mile radius of Campbellsville as reported by the Kentucky Cabinet for Economic Development:

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2018)</u>
Campbellsville University	Campbellsville	7,207
Lindsey Wilson College	Columbia	2,565
Centre College	Danville	1,450
Asbury University	Wilmore	1,990
Berea College	Berea	1,670
Elizabethtown Community & Tech College	Elizabethtown	7,115
Somerset Community & Tech College	Somerset	5,886

### Technical Schools

The table below lists the technical schools within a 60 mile radius of Campbellsville as reported by the Kentucky Workforce Development Cabinet, KCTCS:

<u>Institution</u>	<u>Location</u>	<u>Cumulative Enrollment (2017-2018)</u>
Green County ATC	Greensburg	629
Marion County ATC	Lebanon	1364
Casey County ATC	Liberty	526
Lake Cumberland ATC	Russell Springs	930
Nelson County ATC	Bardstown	491
Harrodsburg ATC	Harrodsburg	292
Lincoln County ATC	Stanford	332
Wayne County ATC	Monticello	621
Garrard County ATC	Lancaster	346
Clinton County ATC	Albany	612
Bullitt County ATC	Shepherdsville	481
Monroe County ATC	Tompkinsville	809
Grayson County AVEC	Leitchfield	1138
Rockcastle County ATC	Mt. Vernon	442
Shelby County ATC	Shelbyville	544

### Customized Training

The Kentucky Tech system, through its training and development coordinators, will provide technical assistance and will identify and develop low-cost customized training programs and services for both established and prospective businesses. Businesses wanting to establish a customized training program should contact a training and development coordinator located at the Bowling Green Technical College.

### **Assessment Services**

Kentucky Tech Career Connections offers to business, education and government agencies testing packages for evaluating job applicants, selecting employees for promotional consideration and developing training programs within the organization. A Career Connections Assessment Center is located at the Bowling Green Technical College.

### **Bluegrass State Skills Corporation**

The Bluegrass State Skills Corporation (BSSC) was established in 1984 by the General Assembly of The Commonwealth of Kentucky as an independent, de jure corporation to stimulate economic development through customized business and industry specific skills training programs. The BSSC works with business and industry and Kentucky's educational institutions to establish programs of skills training. The BSSC is attached to the Cabinet for Economic Development for administrative purposes, in recognition of the relationship between economic development and skills training efforts.

The BSSC is comprised of two economic development tools: matching grants and the newly authorized Skills Training Investment Credit Act. The BSSC grant program is available to new, expanding and existing business and industry. Eligible training activities include pre-employment skills training and assessment; entry level, skills upgrade and occupational upgrade training; train-the-trainer travel; and capacity-building. The Skills Training Investment Credit Act provides credits to existing businesses for skills upgrade training.



## EXISTING INDUSTRY

Firm	Products	Employment
<i>Campbellsville</i>		
Amazon.com	Fulfillment Center	1000
Campbellsville Apparel	Mens' t-shirts, briefs, sweatshirts and sweatpants	121
Campbellsville Handmade Cherry Furniture	Tables, chairs, beds, desks & bookcases	4
Campbellsville Industries, Inc.	Ornamental metal & aluminum, fabricating; steeples, cupolas, crosses, cornices, awnings, columns, louvres, shutters, railings and balusters	78
CCW	Burro brand wood sawhorses produced with kiln dried pine lumber	10
Classic Kitchens Inc.	Custom wooden cabinets, vanities and bookcases	18
Cox Interior Inc.	Hardwood moldings, trim, stair parts, interior doors & mantels	420
Creation Sportswear Inc.	Textile screen printing	10
Farmer's Gate Co.	Steel gates, coral panels, round bale feeders, walk-thrus	20
	Automobile manufacturers	
Frost-Arnett Co. Franklin	Collection agency	203
Global Services	Travel management service center	374
H&O Transport Inc.	Trucking, except local	29
INFAC North America INC	Distribution and sales center	87
Ingersoll-Rand Co.	Vacuum pumps & air & gas compressors	170
Murakami Manufacturing USA	Motor vehicle parts & accessories, exterior mirrors	245
Stanley Engineered Fastening	Automotive parts distribution	11
UPS	Small package distribution	46
Whitney & Whitney Inc.	Hardwood lumber	11
Wholesale Hardwood Interiors	Custom millwork, hardwood flooring, interior moldings, door & stair parts	80
XPO Logistics	Transportation of LTL shipments	25

*Source: Kentucky Cabinet for Economic Development (06/02/2019).*

## FINANCIAL INSTITUTIONS

Institution	Total Deposits	Total Assets
Citizens Bank & Trust Company	\$161,621,000	\$196,849,000
Taylor County Bank	\$151,576,000	\$185,929,000

*Source: McFadden American Financial Directory, January-June 2019.*

**APPENDIX B**

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

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**Audited Financial Statement ending June 30, 2021**

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TAYLOR COUNTY SCHOOL DISTRICT  
FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND INDEPENDENT AUDITOR'S REPORT

Year ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Taylor County School District  
Campbellsville, 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 Taylor County School District (the "District") as of and for the year then 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 misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for Schools District Audits Independent Auditor's Contract and Appendices I and II of the Independent Auditor's Contract. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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 conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of District's proportionate share of net pension liabilities, net OPEB liabilities, and schedules of required contributions on Pages 3 through 8 and 40 through 55 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 District's basic financial statements. The additional information shown on Pages 56 through 60 is presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards on Pages 61 through 63 are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The additional information shown on pages 56 through 60 and the Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information shown on pages 40 through 60 and the Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of the Taylor County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Taylor County School District's internal control over financial reporting and compliance.

*Wise, Buckner, Sprowles & Associates PLLC*

Wise, Buckner, Sprowles & Associates PLLC  
Certified Public Accountants

Campbellsville, KY  
November 8, 2021

TAYLOR COUNTY SCHOOL DISTRICT  
CAMPBELLSVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2021

As management of the Taylor 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 the audit.

#### FINANCIAL HIGHLIGHTS

- The beginning unassigned fund balance for the District's General Fund was \$3,374,563 as compared to \$5,091,787 for the year ending balance on June 30, 2021.
  - A continued effort focuses on purchasing in the areas of supplies, food, energy and travel resulting in savings due to management strategies.
  - Interest income earned in FY 2021 was \$31,904 as compared to \$107,049 in 2020. Total revenue increased by 10.4 percent for all governmental funds from \$31,659,151 in FY 20 to \$34,967,662 in FY 21.
  - SEEK funding reported in the district's general fund in FY 2021 was \$10,180,517. The amount of SEEK received in FY 2020 was \$10,931,709. There was a 7% decrease in SEEK during 2021 in comparison with FY 2020.
  - The General Fund had \$27,515,984 (including the beginning balance) in revenue, which primarily consisted of the state program (SEEK), property, local occupational license taxes, utilities and motor vehicle taxes. Excluding inter-fund transfers of \$369,819, there was \$22,795,445 in General Fund expenditures.
- 
- Bonds are issued as the district renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The district's total principal bonded indebtedness decreased by \$2,455,000 during the current fiscal year.

#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) 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 between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 9-11 of this report.

*Fund financial statements.* A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 two categories: governmental and proprietary funds. The only proprietary fund is food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12-15 of this report.



TAYLOR COUNTY SCHOOL DISTRICT  
 CAMPBELLSVILLE, KENTUCKY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
 Year Ended June 30, 2021

*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 the financial statements can be found on pages 20-40 of this report.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets exceeded liabilities by \$12,527,865 as of June 30, 2021 as compared to \$9,120,622 as of June 30, 2020. The increase in net position in fiscal year 2021 is attributed to an increase in noncurrent assets from construction projects during the year.

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.

**Net Position for the Period Ending June 30, 2021 and 2020:**

Assets:	2021	2020
Current Assets	\$ 8,855,747	\$ 9,509,243
Capital Assets	70,437,460	67,940,555
Other assets	91,306	96,901
Total Assets	<u>79,384,513</u>	<u>77,546,699</u>
Deferred Outflows of Resources		
CERS	4,416,250	3,592,726
KTRS	1,114,560	476,021
Total deferred outflows of resources	<u>5,530,810</u>	<u>4,068,747</u>
Liabilities:		
Current Liabilities	5,244,894	5,653,677
Noncurrent Liabilities	63,958,895	63,957,060
Total Liabilities	<u>69,203,789</u>	<u>69,610,737</u>
Deferred Inflows of Resources		
CERS	989,383	1,382,087
KTRS	2,192,000	1,502,000
Total deferred inflows of resources	<u>3,181,383</u>	<u>2,884,087</u>
Net Position		
Net Investment in Capital Assets	24,663,900	19,752,861
Restricted	(1,346,716)	(1,335,174)
Unrestricted	(10,787,033)	(9,297,065)
Total Net Position	<u>\$ 12,530,151</u>	<u>\$ 9,120,622</u>

TAYLOR COUNTY SCHOOL DISTRICT  
 CAMPBELLSVILLE, KENTUCKY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
 Year Ended June 30, 2021

COMMENTS ON BUDGET COMPARISONS

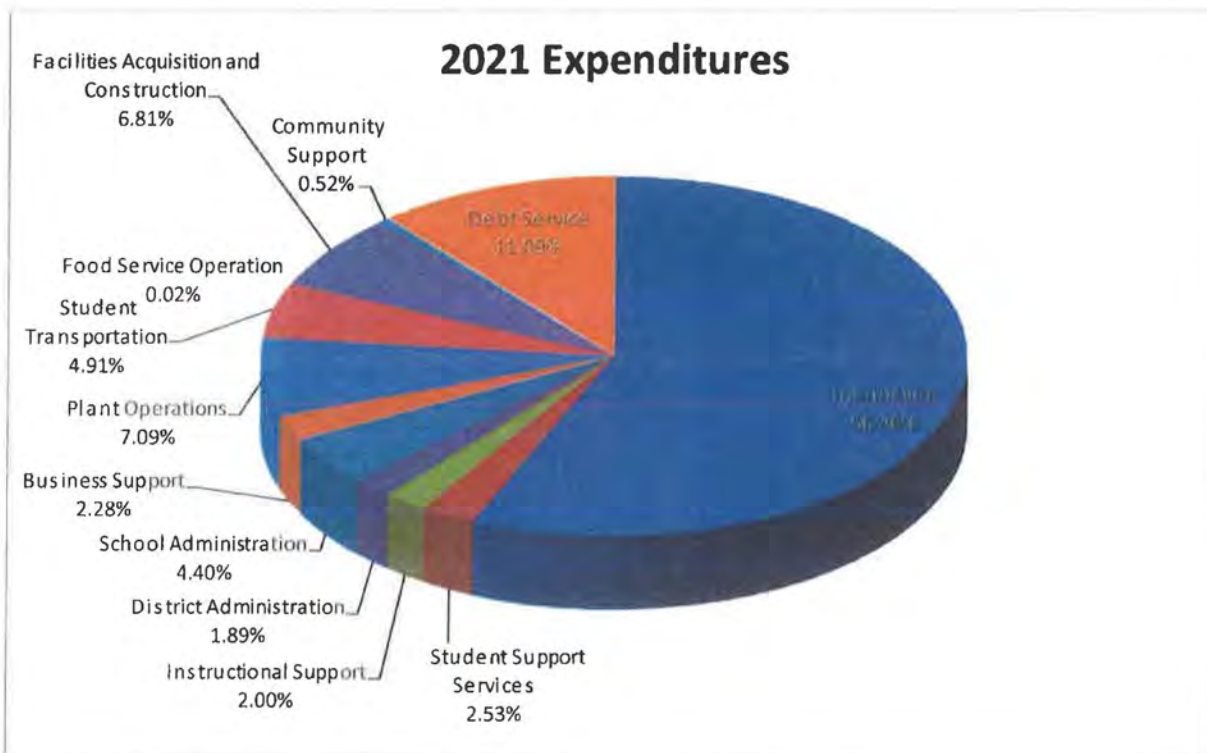
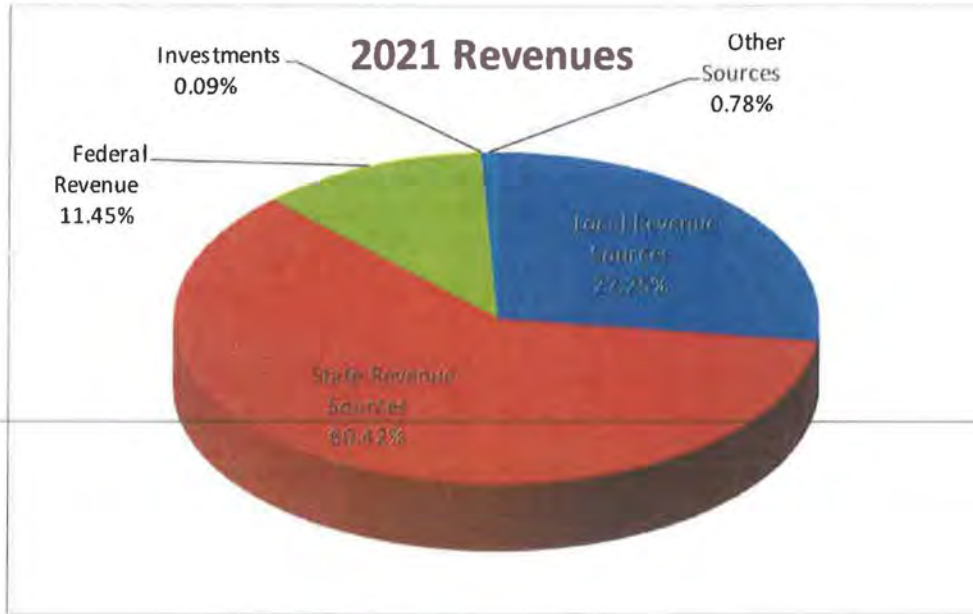
- The District's total revenues for the fiscal year ended June 30, 2021, net of inter-fund transfers and on-behalf payments, were \$19,373,877.
- General fund budget compared to actual revenue (net of unbudgeted on-behalf payments) varied from line item to line item with the ending actual balance being \$507,075 more than budget.
- General fund final actual expenditures were \$4,136,022 less than budget.

The following table presents a summary of revenue and expenditures for the fiscal year ended June 30, 2021 and 2020:

	2021	2020
Revenues:		
Local Revenue Sources	\$ 9,531,090	\$ 6,668,040
State Revenue Sources	21,130,014	22,020,900
Federal Revenue	4,003,076	2,089,845
Investments	31,904	107,049
Other Sources	274,402	773,317
<b>Total Revenues</b>	<b>34,970,486</b>	<b>31,659,151</b>
Expenditures:		
Instruction	20,105,024	17,889,902
Student Support Services	891,161	877,652
Instructional Support	713,841	680,195
District Administration	673,880	665,295
School Administration	1,566,949	1,491,231
Business Support	813,453	813,084
Plant Operations	2,525,997	2,385,463
Student Transportation	1,748,819	1,932,235
Food Service Operation	8,097	-
Facilities Acquisition and Construction	2,426,339	5,216,707
Community Support	185,768	167,065
Debt Service	3,948,204	3,736,308
<b>Total Expenditures</b>	<b>35,607,532</b>	<b>35,855,137</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>\$ (637,046)</b>	<b>\$ (4,195,986)</b>

TAYLOR COUNTY SCHOOL DISTRICT  
 CAMPBELLSVILLE, KENTUCKY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
 Year Ended June 30, 2021

The following pie charts are included as additional illustrations of the District's revenues and expenses for the year ended June 30, 2021.



TAYLOR COUNTY SCHOOL DISTRICT  
 CAMPBELLSVILLE, KENTUCKY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
 Year Ended June 30, 2021

GENERAL FUND REVENUE SOURCES

General fund receipts in FY 2021 were derived from three sources: local taxes account for 27 percent of all revenue; state sources were responsible for 60 percent of general fund revenue; federal sources totaled 11 percent; and an additional 2 percent came from investment income, the sale of property and other miscellaneous fees.

GENERAL FUND EXPENDITURE CATEGORIES

General Fund expenditures in FY 2021 were spread among more than one dozen functions.

<u>Expenditure Category</u>	<u>Percent</u>
Instructional Activities ( <i>teachers, instructional assistants, instructional supplies, materials &amp; equipment</i> )	63
Plant Operations	10.2
Student Transportation	7.4
School Administration Support (principal's offices)	6.7
Student Support Services ( <i>pupil attendance, guidance, social work, health, psychologist, speech pathologists, occupational and physical therapy, services for the visually impaired</i> )	3.6
Instructional Staff Support	2.5
District Administration Support ( <i>board of ed, office of superintendent</i> )	2.8
Business Support Services	3.4
Community Services, Site Improvement, Debt Service & Fund Transfers ( <i>Local Technology Match</i> )	0.4
Other Services	0

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 percent contingency. The district adopted a budget with \$3,000,017 in contingency (10.3% of the entire budget). The beginning cash balance for beginning the fiscal year was \$5,195,800.

TAYLOR COUNTY SCHOOL DISTRICT  
CAMPBELLSVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2021

Questions regarding this report should be directed to the Superintendent (270-465-5371) or to the Finance Officer (270-465-5371) or by mail at 1209 East Broadway, Campbellsville, KY 42718.

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2021

	Governmental Activities	Business Type Activities	Total
Assets:			
Current Assets:			
Cash & cash equivalents	\$ 5,895,808	\$ 905,526	\$ 6,801,334
Cash & cash equivalents, restricted	-	-	-
Inventory	-	51,275	51,275
Accounts receivable			
Taxes current	900,970	-	900,970
Other accounts receivable	6,487	-	6,487
Intergovernmental -direct federal	-	-	-
Intergovernmental -indirect federal	1,090,086	-	1,090,086
Current portion bond discount, net	5,595	-	5,595
Total current assets	<u>7,898,946</u>	<u>956,801</u>	<u>8,855,747</u>
Noncurrent Assets:			
Land and other non-depreciable assets	38,723,770	-	38,723,770
Capital assets net of accumulated depreciation	31,694,146	19,544	31,713,690
Bond discount, net	91,306	-	91,306
Total noncurrent assets	<u>70,509,222</u>	<u>19,544</u>	<u>70,528,766</u>
Total assets	<u>78,408,168</u>	<u>976,345</u>	<u>79,384,513</u>
Deferred outflows of resources			
CERS OPEB	1,667,650	273,205	1,940,855
KTRS OPEB	1,114,560	-	1,114,560
CERS	2,121,421	353,974	2,475,395
Total deferred outflows of resources	<u>4,903,631</u>	<u>627,179</u>	<u>5,530,810</u>

See accompanying notes to financial statements:

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION - CONTINUED  
June 30, 2021

	Governmental Activities	Business Type Activities	Total
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 176,360	\$ 14,194	\$ 190,554
KSBIT assessment	-	-	-
Accrued interest payable	506,733	-	506,733
Other accrued liabilities	1,322,796	-	1,322,796
Current portion of bond obligations	2,525,000	-	2,525,000
Current portion of capital lease	101,583	-	101,583
Current portion of accrued sick leave	120,052	-	120,052
Current portion of bond premium, net	1,097	-	1,097
Unearned revenue	477,079	-	477,079
Total current liabilities	<u>5,230,700</u>	<u>14,194</u>	<u>5,244,894</u>
<b>Noncurrent liabilities:</b>			
KSBIT assessment	-	-	-
Noncurrent portion of bond obligations	42,485,080	-	42,485,080
Noncurrent portion of capital lease	743,897	-	743,897
Noncurrent portion of accrued sick leave	371,422	-	371,422
Bond premium, net	13,804	-	13,804
Net OPEB liability-CERS	3,229,343	538,838	3,768,181
Net OPEB liability-KTRS	4,604,000	-	4,604,000
Net pension liability	10,260,478	1,712,033	11,972,511
Total noncurrent liabilities	<u>61,708,024</u>	<u>2,250,871</u>	<u>63,958,895</u>
Total liabilities	<u>66,938,724</u>	<u>2,265,065</u>	<u>69,203,789</u>
<b>Deferred Inflows of Resources</b>			
OPEB-CERS	635,428	106,026	741,454
OPEB-KTRS	2,192,000	-	2,192,000
CERS	212,476	35,453	247,929
Total deferred inflows of resources	<u>3,039,904</u>	<u>141,479</u>	<u>3,181,383</u>
<b>Net Position</b>			
Net investment in capital assets	24,644,356	19,544	24,663,900
<b>Restricted for:</b>			
Inventories	-	51,275	51,275
Food Service	-	367,179	367,179
Other	-	(1,765,170)	(1,765,170)
Unrestricted	(11,311,185)	524,152	(10,787,033)
Total net position	<u>\$ 13,333,171</u>	<u>\$ (803,020)</u>	<u>\$ 12,530,151</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
for the Year Ended June 30, 2021

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 18,419,430	\$ 4,403	\$ 5,280,326	\$ -	\$(13,134,701)	\$ -	\$(13,134,701)
Support Services							
Student	891,161	-	79,071	-	(812,090)	-	(812,090)
Instruction Staff	713,854	-	134,595	-	(579,259)	-	(579,259)
District Administrative	720,576	-	24,880	-	(695,696)	-	(695,696)
School Administrative	1,566,949	-	45,526	-	(1,521,423)	989	(1,520,434)
Business Support Services	813,453	-	49,257	-	(764,196)	-	(764,196)
Plant Operation and Maintenance	2,530,873	-	196,814	-	(2,334,059)	-	(2,334,059)
Student Transportation	1,873,824	-	67,327	-	(1,806,497)	-	(1,806,497)
Food service operations	8,097	-	8,097	-	-	-	-
Community Service Operations	185,768	-	185,768	-	-	-	-
Facilities Acquisition & Construction	2,426,339	-	-	2,724,673	298,334	-	298,334
Interest on Long-Term Debt	1,375,897	-	-	-	(1,375,897)	-	(1,375,897)
Total Governmental Activities	<u>31,526,221</u>	<u>4,403</u>	<u>6,071,661</u>	<u>2,724,673</u>	<u>(22,725,484)</u>	<u>-</u>	<u>(22,725,484)</u>
<b>Business-Type Activities</b>							
Food Service	2,739,216	13,370	2,674,537	-	-	(51,309)	(51,309)
Total business-type activities	<u>2,739,216</u>	<u>13,370</u>	<u>2,674,537</u>	<u>-</u>	<u>-</u>	<u>(51,309)</u>	<u>(51,309)</u>
Total primary government	<u>\$ 34,265,437</u>	<u>\$ 17,773</u>	<u>\$ 8,746,198</u>	<u>\$ 2,724,673</u>	<u>(22,725,484)</u>	<u>(51,309)</u>	<u>(22,776,793)</u>
			<b>General Revenues:</b>				
			Taxes				
			Property Taxes		6,120,535	-	6,120,535
			Delinquent Property Taxes		164,675	-	164,675
			Motor Vehicle		873,486	-	873,486
			Utility Taxes		1,066,146	-	1,066,146
			Other Taxes		19,729	-	19,729
			Investment Earnings		31,904	3,652	35,556
			Federal and State Aid		16,890,278	-	16,890,278
			Miscellaneous		728,594	-	728,594
			Gains (loss) on Sale of Fixed Assets		(13,412)	-	(13,412)
			Transfers		140,989	(140,989)	-
			Total general revenues and transfers		<u>26,022,924</u>	<u>(137,337)</u>	<u>25,885,587</u>
			Change in Net Position		3,297,440	(188,646)	3,108,794
			Net Position - Beginning (restated)		10,035,731	(614,374)	9,421,357
			Net Position - Ending		<u>\$ 13,333,171</u>	<u>\$ (803,020)</u>	<u>\$ 12,530,151</u>

See accompanying notes to financial statements.



TAYLOR COUNTY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2021

	General Fund	Special Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets and resources:</b>						
Cash and cash equivalents	\$ 5,195,800	\$ -	\$ 159,062	\$ -	\$ 540,946	\$ 5,895,808
Cash and cash equivalents, restricted	-	-	-	-	-	-
<b>Accounts receivable:</b>						
Taxes current	900,970	-	-	-	-	900,970
Other accounts receivable	-	3,663	-	-	2,824	6,487
Intergovernmental - direct federal	-	-	-	-	-	-
Intergovernmental - indirect federal	-	1,090,086	-	-	-	1,090,086
Interfund receivable	678,526	-	-	-	-	678,526
<b>Total assets and resources</b>	<b>\$ 6,775,296</b>	<b>\$ 1,093,749</b>	<b>\$ 159,062</b>	<b>\$ -</b>	<b>\$ 543,770</b>	<b>\$ 8,571,877</b>
<b>Liabilities and fund balance:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 175,003	\$ -	\$ 820	\$ -	\$ 538	\$ 176,360
Interfund payable	-	678,526	-	-	-	678,526
Accounts payable from restricted assets	-	-	-	-	-	-
Other accrued liabilities	1,322,796	-	-	-	-	1,322,796
Unearned revenue	-	415,223	-	-	61,856	477,079
<b>Total liabilities</b>	<b>1,497,798</b>	<b>1,093,749</b>	<b>820</b>	<b>-</b>	<b>62,394</b>	<b>2,654,761</b>
<b>Fund balances:</b>						
Restricted - sick leave payable	185,711	-	-	-	-	185,711
Restricted - future construction	-	-	158,242	-	130,636	288,878
Restricted - other	-	-	-	-	-	-
Unassigned fund balance	5,091,787	-	-	-	350,740	5,442,527
<b>Total fund balance</b>	<b>5,277,498</b>	<b>-</b>	<b>158,242</b>	<b>-</b>	<b>481,376</b>	<b>5,917,116</b>
<b>Total liabilities and fund balance</b>	<b>\$ 6,775,296</b>	<b>\$ 1,093,749</b>	<b>\$ 159,062</b>	<b>\$ -</b>	<b>\$ 543,770</b>	<b>\$ 8,571,877</b>

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

Total fund balances per fund financial statements \$ 5,917,116

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

Capital assets used in government activities are not current financial resources and therefore are not reported as assets in this fund financial statement. The cost of the assets is \$86,655,916, and the accumulated depreciation is \$16,238,000.

70,417,916

Deferred inflows of resources-CERS	\$ (847,904)	
Deferred inflows of resources-KTRS	(2,192,000)	
Deferred outflows of resources-CERS	3,789,071	
Deferred outflows of resources-KTRS	1,114,560	
Net OPEB liability-CERS	(3,229,343)	
Net OPEB liability-KTRS	(4,604,000)	
Net pension liability	<u>(10,260,478)</u>	(16,230,094)

Bonds payable are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position.

(45,855,560)

Certain liabilities, (Sick leave and interest payable) are not presented in this fund financial statement because they are not due and payable, but they are presented in the statement of net position as follows:

Bond premium, net	(14,901)	
Bond discount, net	96,901	
Interest Payable	(506,733)	
Accrued Sick Leave Payable	<u>(491,474)</u>	<u>(916,207)</u>

Net position for governmental activities

\$ 13,333,171

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

	General Fund	Special Revenue (Grant) Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
From local sources:						
Taxes:						
Property	\$ 5,227,409	\$ -	\$ -	\$ -	\$ 1,077,530	\$ 6,304,939
Motor vehicles	873,486	-	-	-	-	873,486
Utilities	1,066,146	-	-	-	-	1,066,146
Tuition and fees	4,403	-	-	-	-	4,403
Earnings and investments	26,065	211	4,434	-	1,194	31,904
Other local revenues	53,634	553,522	11,500	-	663,460	1,282,116
Intergovernmental - state	16,773,919	1,631,422	-	1,378,963	1,345,710	21,130,014
Intergovernmental - indirect federal	60,374	3,886,717	-	-	-	3,947,091
Intergovernmental - direct federal	55,985	-	-	-	-	55,985
<b>Total revenues</b>	<b>24,141,421</b>	<b>6,071,872</b>	<b>15,934</b>	<b>1,378,963</b>	<b>3,087,894</b>	<b>34,696,084</b>
<b>Expenditures:</b>						
Instruction	14,347,772	5,143,797	-	-	613,455	20,105,024
Support services:						
Student	812,090	79,071	-	-	-	891,160
Instructional staff	579,246	134,595	-	-	-	713,841
District Administration	649,000	24,880	-	-	-	673,880
School Administration	1,521,423	45,526	-	-	-	1,566,949
Business support services	764,196	49,257	-	-	-	813,453
Plant operations and maintenance	2,329,183	196,814	-	-	-	2,525,997
Student transportation	1,681,492	67,327	-	-	-	1,748,819
Food service operation	-	8,097	-	-	-	8,097
Facilities acquisition and construction	-	-	3,600	-	-	3,600
Other - facilities	-	-	2,422,739	-	-	2,422,739
Community service activities	-	185,768	-	-	-	185,768
Debt service:						
Principal	91,450	-	-	2,455,000	-	2,546,450
Interest	19,592	-	-	1,382,162	-	1,401,754
<b>Total expenditures</b>	<b>22,795,444</b>	<b>5,935,132</b>	<b>2,426,339</b>	<b>3,837,162</b>	<b>613,455</b>	<b>35,607,531</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>1,345,977</b>	<b>136,740</b>	<b>(2,410,405)</b>	<b>(2,458,199)</b>	<b>2,474,439</b>	<b>(911,448)</b>
<b>Other financing sources (uses):</b>						
Proceeds from capital lease	133,413	-	-	-	-	133,413
Proceeds from bond issue	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-
Operating transfers in	629,049	50,087	-	2,458,199	30,746	3,168,081
Operating transfers out	(369,819)	(186,827)	-	-	(2,470,446)	(3,027,092)
<b>Total other financing sources (uses)</b>	<b>392,643</b>	<b>(136,740)</b>	<b>-</b>	<b>2,458,199</b>	<b>(2,439,700)</b>	<b>274,402</b>
<b>Net change in fund balance</b>	<b>1,738,620</b>	<b>-</b>	<b>(2,410,405)</b>	<b>-</b>	<b>34,739</b>	<b>(637,046)</b>
<b>Fund Balance June 30, 2020</b>	<b>3,538,878</b>	<b>-</b>	<b>2,568,647</b>	<b>-</b>	<b>446,637</b>	<b>6,554,162</b>
<b>Fund Balance June 30, 2021</b>	<b>\$ 5,277,498</b>	<b>\$ -</b>	<b>\$ 158,242</b>	<b>\$ -</b>	<b>\$ 481,376</b>	<b>\$ 5,917,116</b>

TAYLOR COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

Net Change - Governmental Funds \$ (637,046)

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

Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays for the year.

Depreciation Expense	\$ (639,444)	
Capital Outlays	<u>3,146,836</u>	2,507,392

Bond proceeds are reported as financial sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Principal Paid:		
District	1,576,095	
State	878,905	
Capital Leases	91,450	
Capital Lease Proceeds	<u>(133,413)</u>	2,413,037

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

Accrued Interest Payable	30,355	
Accrued Sick Leave	(77,024)	
Bond premium, net	1,097	
Bond discount, net	(5,595)	
Net pension liability	(1,208,358)	
Net OPEB liability-CERS	(1,065,096)	
Net OPEB liability-KTRS	384,000	
Deferred outflows of resources	1,304,605	
Deferred inflows of resources	<u>(336,514)</u>	(972,530)

In the statement of activities the net gain on the sale/disposal of assets is reported in, whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from the change in fund balances by the cost of the assets sold/disposed. (13,412)

Rounding (1)

Change in net position of governmental activities \$ 3,297,440

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2021

	<u>Food Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 905,526
Inventory	<u>51,275</u>
Total current assets	<u>956,801</u>
Noncurrent assets	
Capital assets net of accumulated depreciation	<u>19,544</u>
Total noncurrent assets	<u>19,544</u>
Total assets	<u>976,345</u>
Deferred Outflows of resources	
OPEB	273,205
CERS	<u>353,974</u>
Total Deferred Outflows of resources	<u>627,179</u>
Liabilities	
Current liabilities	
Accounts payable	<u>14,194</u>
Total current liabilities	<u>14,194</u>
Noncurrent liabilities	
Net OPEB liability - CERS	538,838
Net pension liability - CERS	<u>1,712,033</u>
Total noncurrent liabilities	<u>2,250,871</u>
Total liabilities	<u>2,265,065</u>
Deferred Inflows of resources	
OPEB-CERS	106,026
CERS	<u>35,453</u>
Total Deferred Inflows of resources	<u>141,479</u>
Net position	
Net investment in capital assets	19,544
Unassigned	(375,670)
Restricted:	
Food Service	367,179
Inventory	51,275
Restricted - other	(1,765,170)
Unrestricted	<u>899,822</u>
Total net position	<u>\$ (803,020)</u>

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2021

	<u>Food Service Fund</u>
Operating Revenues:	
Lunchroom sales	\$ 3,426
Other operating revenues	9,944
Total operating revenues	<u>13,370</u>
Operating Expenses:	
Salaries and benefits	1,437,993
Contract services	16,011
Material and supplies	1,222,016
Depreciation	6,672
Other operating expenses	56,524
Total operating expenses	<u>2,739,216</u>
Operating income (loss)	<u>(2,725,846)</u>
<hr/>	
Non-operating revenues (expenses)	
Federal grants	2,429,171
Donated commodities	40,348
State grants	205,018
Interest income	3,652
Total non-operating revenues (expenses)	<u>2,678,189</u>
Income (loss) before capital contributions and transfers	<u>(47,657)</u>
Net transfers	<u>(140,989)</u>
Change in net position	(188,646)
Net position - beginning	<u>(614,374)</u>
Net position - ending	<u>\$ (803,020)</u>

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2021

Cash Flows From Operating Activities:	
Cash received from:	
Lunchroom sales	\$ 3,426
Other activities	9,944
Cash paid to/for:	
Employees	(894,600)
Supplies	(1,170,642)
Other activities	<u>(72,536)</u>
Net cash provided (used) by operating activities	(2,124,408)
Cash flows from noncapital financing activities:	
State grants	28,804
Federal grants	<u>2,429,171</u>
Net cash provided (used) by noncapital financing activities	2,457,975
<hr/>	
Cash flows from investing activities:	
Receipt of interest income	3,652
Purchase of assets	(9,599)
Net transfers	<u>(140,989)</u>
Net cash provided (used) by investing activities	<u>(146,936)</u>
Net increase (decrease) in cash and cash equivalents	186,631
Balances, beginning of year	<u>718,895</u>
Balances, end of year	<u>\$ 905,526</u>
Reconciliation of change in operating income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (2,725,846)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	6,672
State on-behalf payments	176,214
Donated commodities	40,348
GASB 68 expense	299,399
GASB 75 expense	67,781
Change in Assets and Liabilities:	
(Increase) decrease in inventory	11,542
Increase (decrease) in accounts payable	<u>(518)</u>
Net cash provided (used) by operating activities	<u>\$ (2,124,408)</u>
Schedule of non-cash transactions:	
On behalf payments from the state for employee benefits	\$ 176,214
Donated commodities received from federal government	40,348
Cash 68 & 75 expenses (net)	367,180

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Taylor County Board of Education Finance Corporation - On November 19, 1990, the Taylor County, Kentucky, Board of Education resolved to authorize the establishment of the Taylor County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation

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

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

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.

In the government-wide statement of net position and statement of activities both governmental and business-like activities are presented using the accrual basis of accounting. Under accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

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



TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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:

• Governmental Fund Types

1. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
2. The Special Revenue (Grant) 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. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal awards included in this report on pages 62 through 64. This is a major fund of the District.
3. The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
4. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
  - a. 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.
  - b. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a major fund of the District.
  - c. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
4. The Debt Service Funds are used to account for the accumulation of resources for and the payment of, general long-term principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

• Proprietary Fund Types (Enterprise Fund)

1. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.
2. Operating revenues in the proprietary funds are the revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

• Fiduciary Fund Types

1. The Agency Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds comply with *Accounting Procedures for Kentucky School Activity Funds*.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

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

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

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

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

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

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2021, to finance the General Fund operations were \$.610 per \$100 valuation for real property, \$.610 per \$100 valuation for business personal property and \$.537 per \$100 valuation for motor vehicles.

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

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

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:

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

Inter-fund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund 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.

Budgetary Process

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

- Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- The budget can be amended after initial approval.
- Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.
- On-Behalf payments were not considered in the budget.

Encumbrances

Encumbrances are not liabilities and, therefore, are not reported as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. There were no outstanding encumbrances at year-end.

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

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

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Enterprise Fund. Inventory consists of donated and purchased food held for resale and is expensed when used. Purchased food is valued at cost and the U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions.

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

Postemployment Benefits Other Than OPEBs (OPEB)

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

Fund Balance Reserves

- Non-spendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balances-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Assigned fund balance-amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balances-amounts that are available for any purpose; positive amounts are reported only in the General Fund

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board has provided otherwise in its commitment or assignment actions.

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Inter-fund 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 inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating 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.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the Board's policy is to apply restricted net positions first.

NOTE 2 - ESTIMATES

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

NOTE 3 - CASH AND INVESTMENTS

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

At June 30, 2021, the carrying amount of the District's cash and cash equivalents (cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less) was \$6,801,334 while the bank statements totaled \$7,313,155. Of the total bank balances, \$250,000 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$10,702,508 and book value of \$10,051,734, was pledged and held by the pledging bank's trust departments in the District's name to secure the remainder of deposits.

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - (CONTINUED)  
For the Year Ended June 30, 2021

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Due to the nature of the accounts and certain limitations on the use of the funds, each bank account within the following funds is considered to be restricted: SEFK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Special Revenue Fund, Debt Service Fund, Food Service Fund and Agency Fund.

Kentucky Revised Statutes authorizes the District to invest in the following: obligations of the United States Government and of its agencies and instrumentalities, repurchase agreements and specially approved AAA rated corporate bonds; bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution up to FDIC insured amount, and in larger amounts provided that the bank pledges as security obligations having a current market value at least equal to any uninsured deposits.

The District held no investments at June 30, 2021.

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance June 30, 2020	Additions	Transfers/ Retirements	Balance June 30, 2021
<b>Capital Assets not being Depreciated:</b>				
Land	\$ 2,990,887	\$ -	\$ -	\$ 2,990,887
Construction in Progress	57,135,116	1,199,105	(22,601,337)	35,732,884
Total Capital Assets not being Depreciated	<u>60,126,003</u>	<u>1,199,105</u>	<u>(22,601,337)</u>	<u>38,723,771</u>
<b>Capital Assets, being Depreciated:</b>				
Land Improvements	572,800	-	-	572,800
Buildings and Building Improvements	16,136,290	1,374,823	22,601,337	40,112,450
Technology equipment	1,525,494	538,873	-	2,064,367
Vehicles	3,637,988	19,999	(453,718)	3,204,269
General Equipment	1,982,724	14,036	(18,501)	1,978,259
Totals at historical cost	<u>23,855,296</u>	<u>1,947,731</u>	<u>22,129,118</u>	<u>47,932,145</u>
<b>Less accumulated depreciation for:</b>				
Land Improvements	406,377	28,640	-	435,017
Buildings and Building Improvements	9,900,383	315,352	-	10,215,735
Technology Equipment	1,449,307	120,368	-	1,569,675
Vehicles	2,633,655	131,891	(453,718)	2,311,828
General Equipment	1,667,640	43,193	(5,088)	1,705,745
Construction	-	-	-	-
Total accumulated depreciation	<u>16,057,362</u>	<u>639,444</u>	<u>(458,806)</u>	<u>16,238,000</u>
Governmental Activities Capital Net	<u>\$ 67,923,937</u>	<u>\$ 2,507,392</u>	<u>\$ (13,413)</u>	<u>\$ 70,417,916</u>

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 4 - CAPITAL ASSETS - CONTINUED

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Proprietary Activities				
Land	\$ -	\$ -	\$ -	\$ -
Buildings and Building Improvements	-	-	-	-
Technology Equipment	5,809	-	-	5,809
Vehicles	-	-	-	-
General Equipment	518,014	9,598	-	527,612
Construction	-	-	-	-
Totals at historical cost	<u>523,823</u>	<u>9,598</u>	<u>-</u>	<u>533,421</u>
Less Accumulated Depreciation For:				
Land	-	-	-	-
Buildings and Buildings Improvement	-	-	-	-
Technology Equipment	4,123	655	-	4,778
General Equipment	503,082	6,017	-	509,099
Construction	-	-	-	-
Total Accumulated Depreciation	<u>507,205</u>	<u>6,672</u>	<u>-</u>	<u>513,877</u>
Proprietary activities capital assets, net	<u>\$ 16,618</u>	<u>\$ 2,926</u>	<u>\$ -</u>	<u>\$ 19,544</u>

Depreciation Expense Charged to Governmental Functions as Follows:

Instructional	\$ 462,854
Student Transportation	125,005
District Administration	46,696
Plant Operation and Maintenance	4,876
Staff Support Services	13
Total	<u>\$ 639,444</u>

NOTE 5 - LONG-TERM OBLIGATIONS

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

Issue	District Original Amount	SFCC Original Amount	Interest Rate Ranges	Maturity Dates
Issue of Feb., 2012	\$ 1,840,000	\$ -	1.85%	Apr. 1, 2024
Issue of Feb., 2015	\$ 25,225,969	\$ 20,359,031	2.00% - 3.250%	Feb. 1, 2035
Issue of Jul., 2016	\$ 2,521,171	\$ 63,829	2.00% - 2.750%	Aug. 1, 2036
Issue of Sept., 2019	\$ 4,245,000	\$ -	2.00% - 2.625%	Jun. 1, 2039
Issue of May, 2020	\$ 1,680,000	\$ -	2.00%	May 1, 2030

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Taylor County Fiscal Court 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 District has "participation agreements" with the Kentucky 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 table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 5 - LONG-TERM OBLIGATIONS - CONTINUED

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	Taylor County School District		Kentucky School Construction Commission		Total
	Principal	Interest	Principal	Interest	
2021-2022	\$ 1,619,756	\$ 841,379	\$ 905,244	\$ 473,718	\$ 3,840,097
2022-2023	1,667,626	797,721	932,374	446,589	3,844,310
2023-2024	1,714,684	752,634	960,316	418,646	3,846,280
2024-2025	1,765,901	704,636	989,099	389,866	3,849,502
2025-2026	1,816,258	658,629	1,018,742	360,223	3,853,852
2027-2031	9,739,584	2,496,915	5,570,416	1,324,397	19,131,312
2032-2036	9,181,764	974,121	5,103,236	416,659	15,675,780
2037-2041	2,021,799	91,968	3,281	45	2,117,093
<b>Totals</b>	<b>\$ 29,527,372</b>	<b>\$ 7,318,003</b>	<b>\$ 15,482,708</b>	<b>\$ 3,830,143</b>	<b>\$ 56,158,226</b>

Total interest incurred for the year ended June 30, 2021 was \$1,375,897, all of which was charged to expense.

Capital Leases

The District entered into a capital lease in March 2020 with the Kentucky Inter-local Transportation Association (KISTA) upon purchase of four school buses. Principal payments are due annually on March 1. Interest is stated at 2.00% and is due semi-annually on September 1 and March 1.

The District entered into a capital lease in April 2021 with the Kentucky Inter-local Transportation Association (KISTA) upon purchase of two school buses. Principal payments are due annually on March 1. Interest is stated at 1.25% - 1.500% and is due semi-annually on September 1 and March 1.

The school buses and related accumulated amortization under capital lease is as follows:

	Governmental Activities
School Buses	\$ 1,015,245
Less: Accumulated depreciation	(134,334.00)
<b>Net Value</b>	<b>\$ 880,911</b>

As of June 30, 2021, capital lease annual amortization is as follows:

Year Ending, June 30,	
2022	\$ 120,683
2023	114,136
2024	112,195
2025	112,081
2026	112,086
Thereafter	364,903
<b>Total requirements</b>	<b>936,084</b>
<b>Less Interest</b>	<b>(90,604)</b>
<b>Present value of remaining payments</b>	<b>\$ 845,480</b>

Amortization of leased equipment under capital assets is included with depreciation expense



TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 5 – LONG-TERM OBLIGATIONS – CONTINUED

Accumulated Unpaid Sick Leave Benefits

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. As of June 30, 2020, management has estimated the accrued sick leave liability obligation will be approximately \$491,474. The entire sick leave liability is reported on the government-wide financial statements.

Long-term liability the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities					
Revenue Bonds Payable	\$ 47,465,080	\$ -	\$ 2,455,000	\$ 45,010,080	\$ 2,525,000
Capital Lease Payable	803,517	133,413	91,450	845,480	101,583
Accrued Sick Leave	414,450	77,024	-	491,474	120,052
Bond Premium, net	15,998	-	1,097	14,901	1,097
Net OPEB Liability - CERS	2,164,247	1,065,096	-	3,229,343	-
Net OPEB Liability - KTRS	4,988,000	-	384,000	4,604,000	-
Net pension liability	9,052,120	1,208,358	-	10,260,478	-
Governmental Activities Long-term Liabilities	<u>\$ 64,903,412</u>	<u>\$ 2,483,891</u>	<u>\$ 2,931,547</u>	<u>\$ 64,455,756</u>	<u>\$ 2,747,732</u>

The debt service fund is primarily responsible for paying bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying accrued vacation and sick leave.

NOTE 6 – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for office equipment and student tablets provide the minimum future rental payments as of June 30, 2021 as follows:

Year ending June 30:	
2021	\$ 16,134
2022	15,853
2023	15,291
2024	-
2025	-
Total Minimum Payments	<u>\$ 47,278</u>

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 7 - RETIREMENT PLANS

Kentucky Teacher's Retirement

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 administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years of 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 the 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 non-service 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

The district's contribution requirement for CERS for the years ended June 30, 2021, 2020, and 2019 was \$772,513, \$784,880, and 548,638 from the District and \$200,135, \$199,830 and 185,590 from employees. The total covered payroll for CERS during the years ended June 30, 2021, 2020 and 2019 was \$4,002,656, \$4,066,731, and \$3,810,316.

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 7 - RETIREMENT PLANS - CONTINUED

**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 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](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 is 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 10.640 % of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.425% of their salary to KTRS.

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 13.105% 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.

During the years ended June 30, 2021, 2020, and 2019 contributions of \$3,484,537, \$3,263,738 and \$3,112,642 were made by the State of Kentucky and \$236,947, \$152,700 and \$154,235 in contributions were passed through the District's federally funded programs. Employee contributions for the years ended June 30, 2021, 2020, and 2019 totaled \$1,571,493, \$1,501,749 and \$1,393,399. All payments were made to the retirement system in the amount of the annually required contributions.

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED  
For the Year Ended June 30, 2021

NOTE 7 – RETIREMENT PLANS - CONTINUED

**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 Commonwealth support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate shares of the CERS net pension liability	\$	11,972,511
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		48,140,954
	\$	60,113,465

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2020, the District's proportion was 0.156097% percent.

For the year ended June 30, 2021, the District recognized pension expense of \$2,135,889 related to CERS and 3,484,537 related to KTRS. The District also recognized revenue of \$3,484,537 for KTRS support provided by the Commonwealth. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 298,557	\$ -
Changes of assumptions	467,506	-
Net difference between projected and actual earnings on pension plan investments	518,968	219,371
Changes in proportion and differences between District contributions and proportionate share of contributions	417,851	28,558
District contributions subsequent to the measurement date	772,513	-
<b>Total</b>	<b>\$ 2,475,395</b>	<b>\$ 247,929</b>

The District reported \$772,513 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	686,229
2023	479,632
2024	168,765
2025	120,326

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 7 - RETIREMENT PLANS - CONTINUED

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

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	3.00%
Projected salary increases	3.30% - 10.30%	3.50-7.30%
Investment rate of return, net of investment expense & inflation	6.25%	7.50%

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 Disability Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on an actuarial EXPERIENCE STUDY FOR THE PERIOD July 1, 2008-June 30, 2013.

~~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 BB to 2025, set forward two years for males and one year for females. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015 adopted by the Board on November 19, 2016. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Index published weekly by the Board of Governors of the Federal Reserve System.~~

*Discount rate*—for CERS, the projection of cash flows used to determine the discount rate of 6.25% assumed that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Comprehensive Annual Financial Report (CAFR).

For KTRS, the discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution (ADC) rates for all future fiscal years. 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.

*Long-term rate of return:* For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering the period July 1, 2010 - June 30, 2015 adopted by the Board on November 19, 2016. 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.

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 7 - RETIREMENT PLANS - CONTINUED

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	Long-Term
U.S. Equity	40.0%	4.6%
International Equity	22.0%	5.6%
Fixed Income	15.0%	0.0%
Additional Categories*	7.0%	2.5%
Real Estate	7.0%	4.3%
Private Equity	7.0%	7.7%
Cash	2.0%	-0.5%
Total	<u>100.0%</u>	

\*Includes Hedge Funds, High Yield and Non-US Developed Bonds

*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:

	1% Decrease	Current Discount Rate	1% Increase
CERS	7.25%	6.25%	5.25%
District's proportionate share of net pension liability	14,764,711	11,972,511	9,660,463
KTRS	7.00%	8.00%	9.00%
District's proportionate share of net pension liability	-	-	-

*Pension plan fiduciary net positions* - detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and KTRS.

**DEFERRED COMPENSATION:**

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. For the year ended June 30, 2021, employee contributed approximately \$157,172 to the plan.

NOTE 8 - POST EMPLOYMENT BENEFIT PLAN

**General Information about the OPEB Plan - CERS**

**Medical Insurance Plan**

*Plan description* - Employees whose positions do not require a degree beyond a high school diploma are covered by the Kentucky Retirement Systems' Insurance Fund, a component of the 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 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>.

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

**NOTE 8 - POST EMPLOYMENT BENEFIT PLAN - CONTINUED**

*Benefits provided* - To be eligible for medical benefits, the member must have retired either for service or disability. The Kentucky Retirement Systems' Insurance Fund offers coverage for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance based on years of service.

*Contributions* - In order to fund the post-retirement healthcare benefit, for Tier 1 plan members (those participating prior to September 1, 2008) 5.26% of the gross annual payroll of members is contributed, all of which is paid by the District. For Tier 2 plan members (those participating on, or after September 1, 2008 and before January 1, 2014) an additional 1% of the gross annual payroll is contributed by the plan member. Tier 3 plan members (those whose participation began after January 1, 2014) also contribute an additional 1% of their annual payroll into a Cash Balance Plan. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

**General Information about the OPEB Plan - KTRS**

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

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

**Medical Insurance Plan**

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

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

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

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

At June 30, 2021, the District reported a liability of \$8,571,906 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 0.156052%.

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 shares of the net OPEB liability	\$	8,372,181
Commonwealth's proportionate share of the net OPEB liability associated with the District		3,688,000
	\$	12,060,181

For the year ended June 30, 2021, the District recognized OPEB expense of \$549,233 and revenue of \$263,470 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 629,583	\$ 2,593,076
Changes of assumptions	934,441	3,986
Net difference between projected and actual earnings on OPEB plan investments	352,135	76,890
Changes in proportion and differences between District contributions and proportionate share of contributions	533,691	259,502
District contributions subsequent to the measurement date	605,565	
Total	\$ 3,055,415	\$ 2,933,454

Of the total amount reported as deferred outflows of resources related to OPEB, \$605,565 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2022	(64,549)
2023	(16,484)
2024	(89,570)
2025	(63,148)
2026	(203,853)
Thereafter	(46,000)



TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.6%
International Equity	22.0%	5.6%
Fixed Income	15.0%	0.0%
Other Additional Categories *	7.0%	2.5%
Real Estate	7.0%	4.3%
Private Equity	7.0%	7.7%
Cash	2.0%	-0.5%
<b>Total</b>	<b>100.0%</b>	

*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.

*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 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.

*Discount rate* – For CERS, the projection of cash flows used to determine the discount rate of 5.34% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contributions 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 6.56%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017. 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. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

*Sensitivity of CERS and KTRS proportionate share of net OPEB liability to changes in the discount rate*—The following table present the net OPEB 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:

	1% Decrease	Current Discount Rate	1% Increase
CERS:			
District's proportionate share of net OPEB liability	4,34%	5.34%	6.34%
	4,841,007	3,768,181	2,887,034
KTRS:			
District's proportionate share of net OPEB liability	7.00%	8.00%	9.00%
	5,565,000	4,604,000	3,802,000

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Districts' net OPEB liability	2,917,514	3,768,181	4,800,486

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

**Life Insurance Plan**

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

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

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

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

At June 30, 2019, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate shares of the net OPEB liability	\$	-
Commonwealth's proportionate share of the net OPEB liability associated with the District		112,000
	\$	112,000

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

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. The public entity risk pools operate as common risk management and insurance programs for all school district and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving a ninety (90) day notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the members on a pro rata basis.

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
 For the Year Ended June 30, 2021

NOTE 9 - RISK MANAGEMENT - CONTINUED

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

NOTE 10 - CONTINGENCIES

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

NOTE 11 - 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 12 - DEFICIT OPERATING/FUND BALANCES

There are no funds of the District that currently have a deficit balance. In addition, the following fund had operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

Construction Fund	\$2,410,405
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NOTE 13 - TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	School Food Svc	General Fund	Indirect Cost	\$ 140,989
Operating	General Fund	Special Revenue	KETS Match	50,087
Operating	School Activity	District Activity	Operation	30,746
Operating	Special Revenue	General Fund	Debt Service	186,827
Operating	General Fund	Debt Service	Debt Service	319,733
Operating	Capital Outlay	Debt Service	Debt Service	301,234
Operating	Building Fund	Debt Service	Debt Service	2,138,466
				\$ 3,168,082

NOTE 14 - ON-BEHALF PAYMENTS

The following are the on-behalf payments the District received from the Commonwealth of Kentucky for the year ended June 30, 2021:

TRS - GASB 68	\$ 3,484,537
TRS - GASB 75	263,470
Health Insurance	2,900,632
Life Insurance	4,592
Administrative Fees	37,285
Flexible Plans	154,263
Technology	100,251
Debt Service	1,378,963
Less: Federal Reimbursements	(259,930)
Total	\$ 8,064,063

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
For the Year Ended June 30, 2021

NOTE 15 - LITIGATION

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

NOTE 16 - RESTRICTED NET POSITION

The government-wide statement of net position reports (\$1,346,716) of restricted net position, none of which is restricted by enabling legislation.

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2020, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement No. 84 "Fiduciary Activities", as they relate to accounting and financial reporting for fiduciary funds. As a result of this statement, school activity funds are considered governmental special revenue funds and not fiduciary funds.

GASB 84 required retrospective application. Since the District only presents one year of financial information, the beginning net position balance was adjusted to reflect the retrospective application. The adjustment resulted in a \$300,735 addition in the beginning net position on the Statement of Activities.

NOTE 18 - RECENT GASB PRONOUNCEMENTS

Management has not currently determined what effects, if any, the implementation of the following recently enacted statements may have on its future financial statements:

GSB Statement No. 87, Leases, issued June 2017, will be effective for periods beginning after June 15, 2021. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will enhance the needs of consolidated financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 89, Accounting for interest cost incurred before the end of a construction period, issued June 2018, will be effective for periods beginning after December 15, 2020. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

NOTE 19 - SUBSEQUENT EVENTS

Management has reviewed subsequent events through November 8, 2021, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources				
Taxes				
Property	\$ 4,288,400	\$ 4,528,000	\$ 5,227,409	\$ 699,409
Motor vehicles	760,000	760,000	873,486	113,486
Utilities	1,000,000	1,000,000	1,066,146	66,146
Tuition and fees	5,000	5,000	4,403	(597)
Earnings on investments	20,000	20,000	26,065	6,065
Other local revenues	6,100	6,100	53,634	47,534
Intergovernmental - state	17,039,621	17,160,248	16,773,919	(386,329)
Intergovernmental - direct federal	55,000	55,000	60,374	5,374
Intergovernmental - indirect federal	100,000	100,000	55,985	(44,015)
Total revenues	<u>23,274,121</u>	<u>23,634,348</u>	<u>24,141,421</u>	<u>507,075</u>
Expenditures:				
Instruction	14,702,740	15,179,314	14,347,772	831,542
Support Services:				
Student	854,604	828,592	812,090	16,502
Instructional staff	595,625	587,163	579,246	7,917
District administration	711,468	687,834	649,000	38,834
School administration	1,449,266	1,519,186	1,521,423	(2,237)
Business support services	739,136	767,657	764,196	3,461
Plant operation and maintenance	2,405,814	2,608,885	2,329,183	279,702
Student transportation	1,626,985	1,641,780	1,681,492	(39,712)
Miscellaneous	3,000,000	3,111,057	111,042	3,000,015
Total expenditures	<u>26,085,638</u>	<u>26,931,468</u>	<u>22,795,443</u>	<u>4,136,023</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(2,811,517)</u>	<u>(3,297,120)</u>	<u>1,345,978</u>	<u>4,643,099</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	133,413	133,413
Operating transfers in	292,289	292,289	629,049	336,760
Operating transfers out	(480,772)	(369,732)	(369,819)	(87)
Total other financing sources (uses)	<u>(188,483)</u>	<u>(77,443)</u>	<u>392,643</u>	<u>470,087</u>
Net change in fund balance	<u>(3,000,000)</u>	<u>(3,374,563)</u>	<u>1,738,620</u>	<u>5,113,185</u>
Fund balance June 30, 2020	<u>3,000,000</u>	<u>3,374,563</u>	<u>3,538,878</u>	<u>164,315</u>
Fund balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,277,498</u>	<u>\$ 5,277,500</u>

TAYLOR COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
SPECIAL REVENUE  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Earnings and investments	\$ -	\$ -	\$ 211	\$ 211
Other local revenues	315,102	278,102	553,522	275,420
Intergovernmental - state	697,089	1,672,159	1,631,422	(40,737)
Intergovernmental - indirect federal	1,667,464	5,189,900	3,886,717	(1,303,183)
Intergovernmental - direct federal	-	-	-	-
Total revenues	<u>2,679,655</u>	<u>7,140,161</u>	<u>6,071,872</u>	<u>(1,068,288)</u>
Expenditures:				
Instruction	2,178,458	6,119,025	5,143,797	975,228
Support services:				
Student	10,927	54,795	79,071	(24,276)
Instructional staff	126,038	226,920	134,595	92,325
District administration	-	-	24,880	(24,880)
School administration	-	-	45,526	(45,526)
Business support services	-	3,000	49,257	(46,257)
Plant operations and maintenance	63,164	401,825	196,814	205,011
Student transportation	-	32,295	67,327	(35,032)
Food service operation	-	-	8,097	(8,097)
Community service activities	164,241	165,474	185,768	(20,294)
Total expenditures	<u>2,542,828</u>	<u>7,003,334</u>	<u>5,935,133</u>	<u>1,068,201</u>
Excess (Deficit) of Revenues Over Expenditures	<u>136,827</u>	<u>136,827</u>	<u>136,740</u>	<u>(87)</u>
Other financing sources (uses)				
Operating transfers in	50,000	50,000	50,087	87
Operating transfers out	(186,827)	(186,827)	(186,827)	0
Total other financing sources (uses)	<u>(136,827)</u>	<u>(136,827)</u>	<u>(136,740)</u>	<u>87</u>
Net change in fund balance	-	-	-	-
Fund balance June 30, 2020	-	-	-	-
Fund balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY  
 June 30, 2021

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.156097%	0.148067%	0.149763%	0.141441%	0.13652%	0.13761%	0.135582%
District's proportionate share of the net pension liability (asset)	\$11,972,511	\$10,413,618	\$9,121,023	\$8,278,977	\$6,721,499	\$5,916,544	\$4,399,000
District's covered-employee payroll	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201	\$ 3,252,733	\$ 3,212,339	\$ 3,109,038
District's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	294.40%	273.30%	240.73%	235.45%	206.64%	184.18%	141.49%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS TO CERS  
 June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 772,513	\$ 784,880	\$ 618,033	\$ 548,639	\$ 490,510	\$ 403,989	\$ 409,573
Contributions in relation to the contractually required contribution	<u>(772,513)</u>	<u>(784,880)</u>	<u>(618,033)</u>	<u>(548,638)</u>	<u>(490,510)</u>	<u>(403,989)</u>	<u>(409,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201	\$ 3,252,733	\$ 3,212,339
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS  
For the Year Ended June 30, 2021

NOTE 1 - ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2018

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2020 (the most current year available):

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Remaining amortization period	26 years, closed
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases, including wage inflation	43.30% to 11.55 %, varies by service
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET PENSION LIABILITY  
 June 30, 2021

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability (asset)	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability (asset) associated with the District	\$ 48,140,954	\$ 43,368,717	\$ 42,956,102	\$ 92,658,744	\$101,268,560	\$ 80,158,045	\$ 70,702,066
Total	<u>\$ 48,140,954</u>	<u>\$ 43,368,717</u>	<u>\$ 42,956,102</u>	<u>\$ 92,658,744</u>	<u>\$101,268,560</u>	<u>\$ 80,158,045</u>	<u>\$ 70,702,066</u>
District's covered-employee payroll	10,740,271	10,848,983	11,018,829	11,325,743	11,189,225	11,058,055	10,791,927
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.80%	59.30%	34.34%	35.22%	42.49%	45.59%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS TO KTRS  
 June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 322,560	\$ 152,700	\$ 154,434	\$ 117,926	\$ 120,033	\$ 116,568	\$ 121,290
Contributions in relation to the contractually required contribution	(322,560)	(152,700)	(154,234)	(117,926)	(120,033)	(116,568)	(121,290)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$10,755,050	\$10,740,271	\$10,848,983	\$11,018,829	\$11,325,743	\$11,189,225	\$11,058,055
Contributions as a percentage of covered-employee payroll	3.00%	1.42%	1.42%	1.07%	1.06%	1.04%	1.10%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY  
 June 30, 2021

	2020	2019	2018	2017
District's proportion of the net OPEB liability (asset)	0.156052%	0.148028%	0.149757%	0.141441%
District's proportionate share of the net OPEB liability (asset)	\$ 3,768,181	\$ 2,489,764	\$ 2,658,906	\$ 2,843,448
District's covered-employee payroll	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	92.66%	65.34%	70.18%	80.87%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB  
 June 30, 2021

	2021	2020	2019	2018
Contractually required contribution	\$ 190,526	\$ 193,576	\$ 200,421	\$ 178,080
Contributions in relation to the contractually required contribution	(190,576)	(193,576)	(200,421)	(178,080)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS OPEB  
 For the Year Ended June 30, 2021

NOTE 1 - ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTION FOR FISCAL YEAR 2020

The following actuarial methods and assumptions, for actuarially determined contributions effective for the fiscal year ending June 30, 2020 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	22 years, Closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Remaining amortization period	26 years, Closed
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%

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Healthcare cost trend rates:

Under Age 65	7.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2021

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET OPEB LIABILITY - MEDICAL INSURANCE  
 June 30, 2021

	2020	2019	2018	2017
District's proportion of the net OPEB medical insurance liability (asset)	0.182442%	0.170416%	0.170411%	0.182280%
District's proportionate share of the net OPEB liability (asset)	\$ 4,604,000	\$ 4,988,000	\$ 5,913,000	\$ 6,500,000
Commonwealth's proportionate share of the net OPEB liability (asset) associated with the District	3,688,000	4,028,000	5,096,000	5,309,000
Total	<u>\$ 8,292,000</u>	<u>\$ 9,016,000</u>	<u>\$ 11,009,000</u>	<u>\$ 11,809,000</u>
District's covered-employee payroll	10,740,271	9,891,300	11,018,829	11,325,743
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	42.87%	50.43%	53.66%	57.39%
Plan fiduciary net position as a percentage of the total pension liability	39.05%	32.58%	25.50%	21.18%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS TO KTRS - OPEB MEDICAL INSURANCE  
 June 30, 2021

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 322,560	\$ 322,021	\$ 296,451	\$ 325,469	\$ 330,565
Contributions in relation to the contractually required contribution	(322,560)	(322,021)	(296,451)	(325,469)	(330,565)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$10,755,050	\$10,740,271	\$ 9,891,300	\$10,848,983	\$11,018,829
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION—KTRS OPEB MEDICAL INSURANCE  
 For the Year Ended June 30, 2021

NOTE 1 - METHODS AND ASSUMPTIONS USED IN THE ACTUARIALLY DETERMINED CONTRIBUTIONS

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

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization Period	22 years, Closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Remaining amortization period	26 years, Closed
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%
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Healthcare cost trend rates:	
Under Age 65	7.75% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.75% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Medicare Part B Premiums	0.00% for FYE 2018 with an ultimate rate of 5.00% by 2030

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET OPEB LIABILITY - LIFE INSURANCE  
 June 30, 2021

	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability (asset)	-	-	-	-
Commonwealth's proportionate share of the net pension liability (asset) associated with the District	\$ 112,000	\$ 94,000	\$ 87,000	\$ 71,000
Total	<u>\$ 112,000</u>	<u>\$ 94,000</u>	<u>\$ 87,000</u>	<u>\$ 71,000</u>
District's covered-employee payroll	10,740,271	9,891,300	11,018,829	11,325,743
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	71.57%	75.00%	75.00%	79.99%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS TO KTRS - OPEB LIFE INSURANCE  
 June 30, 2021

	2021	2020	2019	2018	2017
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$10,755,050	\$10,740,271	\$ 9,891,300	\$10,848,983	\$11,018,829
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - KTRS NET OPEB LIABILITY - LIFE INSURANCE  
 For the Year Ended June 30, 2021

NOTE 1 - METHODS AND ASSUMPTIONS USED IN THE ACTUARIALLY DETERMINED CONTRIBUTIONS

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

Valuation date	June 30, 2015
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	3.50%
Real Wage Growth	0.50%
Wage Inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount Rate	7.50%
Healthcare cost trend rates:	
Under Age 65	7.75% for FYE 2018 decreasing to an ultimate rate of 5.00% 5.00% by FYE 2024
Ages 65 and Older	5.75% for FYE 2018 decreasing to an ultimate rate of 5.00% 5.00% by FYE 2024
Medicare Part B Premiums	0.00% for FYE 2018 with an ultimate rate of 5.00% by 2030

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SUPPLEMENTARY SCHEDULES

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TAYLOR COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2021

	SEEK Capital Outlay Fund	Building Fund	School Activity Funds	District Activity Fund	Total Non-Major Governmental Funds
<b>Assets and resources:</b>					
Cash & cash equivalents	\$ 41,649	\$ 88,987	\$ 348,454	\$ 61,856	\$ 540,946
Accounts receivable	-	-	2,824	-	2,824
Total assets and resources	<u>\$ 41,649</u>	<u>\$ 88,987</u>	<u>\$ 351,278</u>	<u>\$ 61,856</u>	<u>\$ 543,770</u>
<b>Liabilities and fund balance:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 538	\$ -	\$ 538
Unearned revenue	-	-	-	61,856	61,856
Total liabilities	<u>-</u>	<u>-</u>	<u>538</u>	<u>61,856</u>	<u>62,394</u>
<b>Fund balance</b>					
Restricted - KSFCC escrow prior year	41,649	88,987	-	-	130,636
Restricted - future construction	-	-	-	-	-
Restricted - debt service	-	-	-	-	-
Unassigned	-	-	350,740	-	350,740
Total fund balance	<u>41,649</u>	<u>88,987</u>	<u>350,740</u>	<u>-</u>	<u>481,376</u>
Total liabilities and fund balance	<u>\$ 41,649</u>	<u>\$ 88,987</u>	<u>\$ 351,278</u>	<u>\$ 61,856</u>	<u>\$ 543,770</u>

TAYLOR COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2021

	SEEK Capital Outlay Fund	Building Fund	School Activity Funds	District Activity Fund	Total Other Governmental Funds
<b>Revenues:</b>					
Taxes	\$ -	\$ 1,077,530	\$ -	\$ -	\$ 1,077,530
Earnings on investments	-	1,194	-	-	1,194
Intergovernmental - local	-	-	-	-	-
Intergovernmental - state	238,508	1,107,202	-	-	1,345,710
Other revenue	-	-	655,929	7,531	663,460
Total revenues	<u>238,508</u>	<u>2,185,926</u>	<u>655,929</u>	<u>7,531</u>	<u>3,087,894</u>
<b>Expenditures:</b>					
Instruction	-	-	575,178	38,277	613,455
Support services	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-
<del>Facilities acquisition and construction</del>	-	-	-	-	-
Building improvements	-	-	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>575,178</u>	<u>38,277</u>	<u>613,455</u>
Excess (Deficit) of Revenues Over Expenditures	<u>238,508</u>	<u>2,185,926</u>	<u>80,751</u>	<u>(30,746)</u>	<u>2,474,439</u>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	-	-	30,746	30,746
Operating transfers out	(301,234)	(2,138,466)	(30,746)	-	(2,470,446)
Total other financing sources (uses)	<u>(301,234)</u>	<u>(2,138,466)</u>	<u>(30,746)</u>	<u>30,746</u>	<u>(2,439,700)</u>
Net change in fund balance	(62,726)	47,460	50,005	-	34,739
Fund balancee June 30, 2020	104,375	41,527	300,735	-	446,637
Fund balance June 30, 2021	<u>\$ 41,649</u>	<u>\$ 88,987</u>	<u>\$ 350,740</u>	<u>\$ -</u>	<u>\$ 481,376</u>



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SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES  
SCHOOL ACTIVITY FUNDS

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TAYLOR COUNTY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES  
FOR ACTIVITY FUNDS  
For the Year Ended June 30, 2021

	Cash Balance July 1, 2020	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2021
Academic Team	\$ 150	\$ -	\$ (30)	\$ 180	\$ -	\$ -	\$ 180
Agriculture Greenhouse	10,064	7,029	8,926	8,167	-	-	8,167
Art	987	200	358	829	-	-	829
T-Sign Productions	213	-	-	213	-	-	213
Athletics	3,511	88,349	86,722	5,138	700	-	5,838
Girls Basketball	125	7,922	7,501	546	-	-	546
Boys Basketball	1,888	5,640	7,264	264	-	-	264
Mens Bowling	1,905	536	1,949	492	-	-	492
Volleyball	1,828	14,365	13,092	3,101	-	-	3,101
Golf Team	5	9,324	9,059	270	-	-	270
Baseball	8,539	10,171	12,348	6,362	-	-	6,362
Boys Soccer	1,443	5,883	2,625	4,701	-	-	4,701
Girls Soccer	4,530	3,520	2,813	5,237	-	-	5,237
Cheerleading	7,211	23,935	22,656	8,490	-	-	8,490
Girls Bowling	512	375	140	747	-	-	747
Swim Team	425	157	88	494	-	-	494
Girls Golf	22	6,325	4,972	1,375	-	-	1,375
Softball	4,950	3,852	6,423	2,379	-	-	2,379
CC and Track	1,609	5,857	4,035	3,431	-	-	3,431
Archery	12,501	42	4,144	8,399	-	-	8,399
Dance Team	579	1,704	2,100	183	-	-	183
Outdoor Club	4,548	1,136	3,741	1,943	-	-	1,943
Tennis Club	1,966	-	-	1,966	-	-	1,966
Touchdown Club	359	36,796	34,514	2,641	-	-	2,641
Wrestling Team	-	1,200	639	561	-	538	23
Cross Country	1,596	510	828	1,278	-	-	1,278
Football Locker Rooms	-	2,950	1,937	1,013	-	-	1,013
Community Donations	-	5,300	3,820	1,480	-	-	1,480
Band	748	27,500	23,007	5,241	-	-	5,241
Band Uniforms	-	5,000	-	5,000	-	-	5,000
Beta Club	3,796	2,769	2,850	3,715	-	-	3,715
Cardinal Academy	288	-	-	288	-	-	288
Cardinal Kroger	10,339	2,052	2,813	9,578	-	-	9,578
Cosmetology	5,954	3,200	946	8,208	-	-	8,208
Chorus	-	18,921	13,364	5,557	-	-	5,557
TRI-M Club	150	-	-	150	-	-	150
Concessions - Students	885	-	107	778	-	-	778
Concessions - Lounge	155	613	574	194	-	-	194
Creative Writer's Club	114	-	-	114	-	-	114

TAYLOR COUNTY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES  
FOR ACTIVITY FUNDS - CONTINUED  
For the Year Ended June 30, 2021

	Cash Balance July 1, 2020	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2021
DECA	\$ 1,175	\$ 2,570	\$ 2,728	\$ 1,017	\$ -	\$ -	\$ 1,017
Drama	5,487	11,944	9,117	8,314	-	-	8,314
Traveling Cards	250	-	-	250	-	-	250
Mock Trial	9	579	540	48	-	-	48
Faculty Flower Fund	144	17	156	5	-	-	5
Family/Consumer	3,352	1,114	1,651	2,815	-	-	2,815
FCA	312	15	60	267	-	-	267
Farm to School	-	3,492	2,628	864	-	-	864
FFA	3,480	25,979	25,108	4,351	1,001	-	5,352
WWE Scholarship	2,000	2,000	500	3,500	-	-	3,500
FCCLA (FHA)	23,293	22,047	19,072	26,268	-	-	26,268
Regional FCCLA	1,968	158	-	2,126	-	-	2,126
Floral Prints	511	231	-	742	-	-	742
General	3,640	18,909	14,859	7,690	-	-	7,690
Greenhouse Entrepreneur	13,831	21,487	11,602	23,716	-	-	23,716
Guidance	8,273	7,355	13,526	2,102	-	-	2,102
KY National Guard	583	1,882	208	2,257	-	-	2,257
L. Gupton Performance	5,570	-	500	5,070	-	-	5,070
Industrial Technology	323	1,213	940	596	-	-	596
JAG	7	50	-	57	-	-	57
Class of 2021	200	6,501	6,683	18	-	-	18
Boys Little League	1,328	780	650	1,458	-	-	1,458
Library	245	1,251	49	1,447	-	-	1,447
TCES Football	3,299	1,335	4,634	-	-	-	-
Pep Club	649	-	-	649	-	-	649
Science Department	836	-	35	801	-	-	801
Anatomy	1,875	-	405	1,470	-	-	1,470
Senior Trip	1,904	1,186	2,801	289	-	-	289
Class of 2022	-	21,316	16,353	4,963	-	-	4,963
Social Studies Dept	197	-	34	163	-	-	163
TCHS Print	1,611	1,822	1,751	1,682	-	-	1,682
TCHS PTSO	211	664	683	192	-	-	192
TCHS Welding	80	690	-	770	-	-	770
Tech. Students Association	180	-	-	180	-	-	180
Text Books	-	9,860	9,860	-	-	-	-
Yearbook	763	3,643	3,131	1,275	-	-	1,275
Y Club	38	2,621	2,659	-	-	-	-
Young Historians	1,413	1,201	955	1,659	-	-	1,659

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES  
 FOR ACTIVITY FUNDS - CONTINUED  
 For the Year Ended June 30, 2021

	Cash Balance July 1, 2020	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2021
Ultimate Frisbee	\$ 961	\$ -	\$ -	\$ 961	\$ -	\$ -	\$ 961
Taylor County High School	183,893	477,044	440,201	220,735	1,701	538	221,898
Taylor County Middle School	52,105	193,274	169,259	76,120	1,123	-	77,243
Taylor County Intermediate	51,354	6,031	13,105	44,280	-	-	44,280
Taylor County Primary	13,383	2,020	8,084	7,319	-	-	7,319
<b>Total</b>	<b>\$ 300,735</b>	<b>\$ 678,368</b>	<b>\$ 630,649</b>	<b>\$ 348,454</b>	<b>\$ 2,824</b>	<b>\$ 538</b>	<b>\$ 350,740</b>

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass Through Number	Disbursements
<u>U.S. Department of Treasury</u>			
Passed through the Kentucky Department of Education			
Coronavirus Relief Fund	21.019	CARES	\$ 16,109
Coronavirus Relief Fund	21.019	CARES	608,803
Total U.S. Department of Treasury passed through the Kentucky Department of Education			624,912
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3100002-18	446
Title I Grants to Local Educational Agencies	84.010	3100002-19	68,516
Title I Grants to Local Educational Agencies	84.010	3100002-20	685,184
			754,146
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	3810002-19	1,641
Special Education - Grants to States	84.027	3810002-20	547,793
Special Education - Preschool Grants	84.173	3800002-20	48,043
Total Special Education Cluster			597,477
Career and Technical Education-Basic Grants to States	84.048	3710002-19	3,532
Career and Technical Education-Basic Grants to States	84.048	3710002-20	27,967
			31,499
Twenty-first Century Community Learning Centers	84.287	3400002-18	45,226
Twenty-first Century Community Learning Centers	84.287	3400002-19	246,916
			292,142
Title IV Rural & Low Income	84.358	3140002-20	50,553
			50,553
Supporting Effective instruction State Grants	84.367	3230002-19	17,202
Supporting Effective instruction State Grants	84.367	3230002-20	95,449
			112,651
Student Support and Academic Enrichment Program	84.424	3420002-19	2,505
Student Support and Academic Enrichment Program	84.424	3420002-20	57,346
			59,851
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4000002	634,219
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4000003	3,244
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200002	1,119,388
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	GEER	108,794
			1,865,645
Total U.S. Department of Education passed through the Kentucky Department of Education			3,763,964

TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Disbursements</u>
Passed through the Kentucky Office of Vocational Rehabilitation:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	Not Available	\$ 76,638
Total passed through the Kentucky Office of Vocational Rehabilitation			<u>76,638</u>
Total U.S. Department of Education			3,840,602
<u>U.S. Department of Justice</u>			
Public Safety Partnership and Community Policing Grants	16.710		30,007
Total U.S. Department of Justice			<u>30,007</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Kentucky Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005 20	11,210
National School Lunch Program	10.555	7750002 20	17,759
Summer Food Service Program for Children	10.559	7740023 20	422,698
Summer Food Service Program for Children	10.559	7740023 21	1,732,354
Summer Food Service Program for Children	10.559	7690024 20	43,378
Summer Food Service Program for Children	10.559	7690024 21	177,555
Total Child Nutrition Cluster			<u>2,404,954</u>
Child and Adult Care Food Program	10.558	7790021 20	628
Child and Adult Care Food Program	10.558	7790021 21	22,001
Child and Adult Care Food Program	10.558	7800016 20	44
Child and Adult Care Food Program	10.558	7800016 21	1,536
			<u>24,209</u>
State Administrative Expenses for Child Nutrition	10.560	7700001 19	3,415
			<u>3,415</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	7840027 19	9,598
			<u>9,598</u>
Total U.S. Department of Agriculture passed through the Kentucky Department of Education			2,442,176
Passed through the Kentucky Department of Agriculture:			
Commodity Supplemental Food Program	10.565	Not Available	40,348
Total U.S. Department of Agriculture			<u>2,482,524</u>
Total Federal Financial Assistance			<u>\$ 6,978,045</u>

TAYLOR COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

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NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at fair value of the commodities disbursed.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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TAYLOR COUNTY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2021

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

**Financial Statements**

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are Not considered to be material weakness(es)?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs?

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are Not considered to be material weakness(es)?  Yes  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 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	US Department of Education Passed through the Kentucky Department of Education: Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act
21.019	U.S. Department of Treasury Pass through the Kentucky Department of Education Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee?  Yes  No

TAYLOR COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2021

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**Section II – Financial Statement of Findings**

No matters were reported

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

No matters were reported

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TAYLOR COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2021

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**Financial Statement of Findings**

No matters were reported

**Federal awards Findings and Questioned Costs:**

No matters were reported



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

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Taylor County School District  
Campbellsville, KY 42718

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the requirements prescribed by the Kentucky State Committee for School District Audits *Independent Auditor's Contract* in Appendices I, and II of the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Taylor 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 Taylor County School District's basic financial statements and have issued our report thereon dated November 8, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Taylor 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 Taylor County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Taylor 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 Taylor 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*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *State Audit Requirements* section of the *Independent Auditor's Contract*.

We also noted other matters that we reported to management of Taylor County Board of Education in a separate letter dated November 8, 2021.

**Purpose of this Report**

The purpose of this report is to solely 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.

*Wise, Buckner, Sprowles & Associates PLLC*

Wise, Buckner, Sprowles & Associates PLLC  
Certified Public Accountants

Campbellsville, KY  
November 8, 2021

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WISE, BUCKNER, SPROWLES  
& ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

GREGORY S. WISE, CPA  
SHIRLEY M. BUCKNER, CPA  
JEFFREY G. SPROWLES, CPA  
AUSTIN W. TEDDER, CPA

MATTHEW S. HAZEL, CPA

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

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Taylor County School District  
Campbellsville, KY 42718

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

We have audited Taylor County School District's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Taylor County School District's major federal programs for the year ended June 30, 2021. Taylor 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Taylor County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the audit requirements prescribed by the Kentucky State Committee for Schools District Audits Independent Auditor's Contract, Appendix I of the Independent Auditor's Contract - Audit Extension Request, and Appendix II of the Independent Auditor's Contract - Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Taylor 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 on Taylor County School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Taylor 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 Taylor 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 Taylor County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Taylor 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wise, Buckner, Sprowles & Associates PLLC*

Wise, Buckner, Sprowles & Associates PLLC  
Certified Public Accountants

Campbellsville, Kentucky  
November 8, 2021



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MANAGEMENT LETTER



WISE, BUCKNER, SPROWLES  
& ASSOCIATES, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

GREGORY S. WISE, CPA  
SHIRLEY M. BUCKNER, CPA  
JEFFREY G. SPROWLES, CPA  
AUSTIN W. TEDDER, CPA  
MATTHEW S. HAZEL, CPA

November 8, 2021

Members of the Board of Education  
Taylor County Board of Education  
Campbellsville, Kentucky

In planning and performing our audit of the financial statements of Taylor County School District for the year ended June 30, 2021, we considered the Board's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters, but we would first like to address the progress of the management letter points from the previous audit.

The management letter from the previous fiscal year discussed three points with respect to strengthening internal controls within the Central Office and one point with respect to strengthening internal controls within the school activity funds.

The following observations were made concerning the prior year management letter points:

Taylor County Primary Center:

Finding #1 – Fund raising worksheets are not being used for fundraising events.

Current Year Observation – This was not noted as an issue during the current year.

CURRENT YEAR COMMENTS:

Taylor County Primary Center:

Finding #1 – During our test of disbursements we noted one instance of a purchase made before the purchase order was approved by the Teacher's Lounge activity fund.

Recommendation – We recommend that this finding be discussed with the Teacher's Lounge Activity Fund sponsor.

Management Response - Taylor County Schools will be working to provide Redbook training for all coaches, sponsors, book keepers, and administration.

Taylor County High School:

Finding #2 – During our test of receipts, we noted multiple occurrences of students not signing the Multiple Receipt Form for money collected by the Activity Fund Sponsor.

Recommendation – This finding appears to be systemic and we recommend that Activity Fund sponsors and the bookkeeper attend RedBook training on proper use of the Multiple Receipt Form.

Management Response - Taylor County Schools will be working to provide Redbook training for all coaches, sponsors, book keepers, and administration.

Taylor County Middle School:

Finding #3 - During our test of receipts we noted one occurrence of the Multiple Receipt Form not being signed by the student for receipts collected by the Drama Club.

Recommendation – We recommend the Drama Club Sponsor be aware of the finding and perform a review of the proper procedures for use of the Multiple Receipt Form.

Management Response - Taylor County Schools will be working to provide Redbook training for all coaches, sponsors, book keepers, and administration.

Finding #4 – During our test of disbursements we noted two occurrences of purchases made before approval of the purchase order. The Activity Funds involved were Athletics and Beta Club.

Recommendation – We recommend the Athletic and BETA Club Sponsors be aware of the finding and perform a review of the proper disbursement procedures.

Management Response – Taylor County Schools will be working to provide Redbook training for all coaches, sponsors, book keepers, and administration.

Sincerely,

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Certified Public Accountants

Campbellsville, Kentucky

**APPENDIX C**

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

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**Continuing Disclosure Agreement**

## CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 14th day of June, 2022 by and between the Board of Education of Taylor County, Kentucky School District ("Board"); the Taylor 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 \$8,430,000 of the Corporation's School Building Revenue Bonds, Series of 2022, dated June 14, 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  
TAYLOR COUNTY, KENTUCKY SCHOOL DISTRICT

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Chairperson

Attest:

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Secretary

TAYLOR COUNTY SCHOOL  
DISTRICT FINANCE CORPORATION

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President

Attest:

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Secretary

**APPENDIX D**

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

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**Official Terms and Conditions of Bond Sale**

**OFFICIAL  
TERMS AND CONDITIONS OF BOND SALE**

**\$8,430,000\***

**Taylor County School District Finance Corporation  
School Building Revenue Bonds, Series of 2022  
Dated June 14, 2022**

**SALE: May 24, 2022 AT 11:00 A.M., E.D.S.T.**

As published on PARITY®, a nationally recognized electronic bidding system, the Taylor County School District Finance Corporation ("Corporation") will until May 24, 2022, at the hour of 11:00 A.M., E.D.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 \$845,000.

**TAYLOR 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 Taylor 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 Taylor County High 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 school building 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 \$13,551 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 \$13,551 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 June 14, 2022, payable on December 1, 2022, and semi annually thereafter and shall mature as to principal on June 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$25,000	2033	\$ 25,000
2024	15,000	2034	25,000
2025	20,000	2035	30,000
2026	20,000	2036	1,035,000
2027	20,000	2037	1,075,000
2028	20,000	2038	1,115,000
2029	25,000	2039	1,160,000
2030	25,000	2040	1,205,000
2031	20,000	2041	1,250,000
2032	20,000	2042	1,300,000

\*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$845,000 which may be applied in any or all maturities.

The Bonds maturing on or after June 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2030, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

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

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, 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 December 1 and June 1 of each year, beginning December 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](http://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 \$8,261,400 (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 \$8,430,000 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 \$845,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$7,585,000 or a maximum of \$9,275,000. 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 \$8,430,000 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 May 24, 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 June 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](http://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, Taylor County Board of Education, 1209 E. Broadway, Campbellsville, Kentucky 42718 (270-465-5371).

## **TAX EXEMPTION; BANK QUALIFIED**

Bond Counsel advises as follows with respect to the Bonds:

(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.

**TAYLOR COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

By /s/ Charles Higdon, Jr.  
Secretary

**APPENDIX E**

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

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**Official Bid Form**

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

The Taylor County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on May 24, 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 \$8,430,000 School Building Revenue Bonds, Series of 2022, dated June 14, 2022; maturing June 1, 2023 through 2042 ("Bonds").

We hereby bid for said \$8,430,000\* principal amount of Bonds, the total sum of \$ \_\_\_\_\_ (not less than \$8,261,400) plus accrued interest from June 14, 2022 payable December 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 June 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	\$ 25,000	_____ %	2033	\$ 25,000	_____ %
2024	15,000	_____ %	2034	25,000	_____ %
2025	20,000	_____ %	2035	30,000	_____ %
2026	20,000	_____ %	2036	1,035,000	_____ %
2027	20,000	_____ %	2037	1,075,000	_____ %
2028	20,000	_____ %	2038	1,115,000	_____ %
2029	25,000	_____ %	2039	1,160,000	_____ %
2030	25,000	_____ %	2040	1,205,000	_____ %
2031	20,000	_____ %	2041	1,250,000	_____ %
2032	20,000	_____ %	2042	1,300,000	_____ %

\* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$9,275,000 of Bonds or as little as \$7,585,000 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 May 24, 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 U.S. Bank Trust Company, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502-562-6436).

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 June 14, 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 June 14, 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 Taylor 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: May 24, 2022

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