PRELIMINARY OFFICIAL STATEMENT

DATED SEPTEMBER 7, 2022

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

RATING
Moody's: "   "

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.

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; however, with respect to certain corporations, interest on the Series 2022 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. 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).

$490,000*
RUSSELL INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REVENUE BONDS, SERIES OF 2022

Dated with Delivery: OCTOBER 6, 2022 **Due: as shown below**

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

Maturing 1-Oct	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Oct	Amount*	Interest Rate	Reoffering Yield	CUSIP
2023	$5,000	%	%		2033	$25,000	%	%	
2024	$5,000	%	%		2034	$30,000	%	%	
2025	$5,000	%	%		2035	$30,000	%	%	
2026	$5,000	%	%		2036	$30,000	%	%	
2027	$20,000	%	%		2037	$30,000	%	%	
2028	$25,000	%	%		2038	$35,000	%	%	
2029	$25,000	%	%		2039	$35,000	%	%	
2030	$25,000	%	%		2040	$35,000	%	%	
2031	$25,000	%	%		2041	$35,000	%	%	
2032	$25,000	%	%		2042	$40,000	%	%	

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

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

The Bonds constitute a limited indebtedness of the Russell Independent 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 Russell Independent Board of Education.

The Russell Independent (Kentucky) School District Finance Corporation will until September 15, 2022, at 11:00 A.M., E.D.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 $50,000.**

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

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

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

RSA advisors

RUSSELL INDEPENDENT, KENTUCKY
BOARD OF EDUCATION

Terry Vest, Chairman
Judy Ledford, Member
Deborah Finley, Member
Sean Whitt, Member
John Jones, Member

M. Sean Horne, Superintendent/Secretary

RUSSELL INDEPENDENT SCHOOL
DISTRICT FINANCE CORPORATION

Terry Vest, President
Judy Ledford, Member
Deborah Finley, Member
Sean Whitt, Member
John Jones, Member

M. Sean Horne, Secretary
Dennis Chambers, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNCIPAL 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 Russell Independent 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

$490,000*

RUSSELL INDEPENDENT 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 Russell Independent School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2022 (the "Bonds").

The Bonds are being issued to finance improvements at Russell Independent 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 Russell Independent 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 Russell Independent 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 October 6, 2022, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.290 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE

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

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2024. Inter alia, the Budget provides $125,216,700 in FY 2022-23 and $126,719,600 in FY 2023-2024 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. It authorizes $85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

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

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
2022-24	5,305,300
Total	$189.166.500

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, 2024

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.

The General Assembly adopted a budget for the biennial period ending June 30, 2024 which was approved and signed by the Governor. Such budget became effective July 1, 2022.

The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2012-REF	$1,780,000	$240,000	$1,780,000	$0	2.400%	2023
2015	$1,025,000	$720,000	$0	$1,025,000	2.500% - 3.625%	2035
2015-REF	$2,910,000	$1,225,000	$1,671,330	$1,238,670	2.000% - 3.000%	2026
2016	$1,515,000	$1,490,000	$1,515,000	$0	2.000% - 3.000%	2036
2020	$4,600,000	$4,430,000	$2,671,781	$1,928,219	2.000% - 2.500%	2040
2020-REF	$645,000	$605,000	$645,000	$0	2.000% - 2.000%	2030
2021-REF	$4,010,000	$3,340,000	$2,919,012	$1,090,988	1.000% - 1.150%	2031
TOTALS:	$16,485,000	$12,050,000	$11,202,123	$5,282,877		

AUTHORITY

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

i) the issuance of approximately $490,000 of Bonds subject to a permitted adjustment of $50,000;

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 October 6, 2022, will bear interest from that date as described herein, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2023, and will mature as to principal on October 1, 2023 and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully registered form (both principal and interest). 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 April 1and October 1 of each year, beginning April 1, 2023 (Record Date is the 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after October 1, 2031, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 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
October 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 October 6, 2022, through June 30, 2023 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 October 1, 2042, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 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 to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance improvements at Russell Independent High School (the "Project").

The Board has reported construction bids have been let for the Project. The award of 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.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

Kentucky statutes, and the regulations of the Kentucky Department of Education (“KDE”) issued thereunder, generally require that a local school district submit to KDE for its prior approval the district’s plans for the funding, financing, design, construction, renovation, and modification of school facilities. House Bill 678 of the 2022 Regular Session of the Kentucky General Assembly (2022 Ky. Acts, Ch. 185, hereinafter referred to as “HB 678”), enacted and effective April 8, 2022, eliminates until June 30, 2024 this requirement of prior approval for local school districts which elect by resolution to proceed without such prior approval and which so notify the Department. The District has adopted such a resolution and has so notified KDE.

Notwithstanding HB 679, KDE’s supervision of local school districts continues to apply other areas of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditures and the annual approval of the district’s operating budget. All local school boards which have entered into contracts for the issuance of bonds must maintain insurance protection in an amount equal to the full insurable value of the buildings financed by the bonds. <u>This State Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky’s perfect record of no defaults in payment of its revenue bonds for school purposes.</u>

ESTIMATED BOND DEBT SERVICE

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

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2022 Bonds (100% Local) -----			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2023	$871,200		$9,066	$9,066	$880,266
2024	$868,672	$5,000	$18,581	$23,581	$892,253
2025	$867,035	$5,000	$18,444	$23,444	$890,478
2026	$869,071	$5,000	$18,300	$23,300	$892,371
2027	$859,619	$5,000	$18,150	$23,150	$882,769
2028	$673,811	$20,000	$17,725	$37,725	$711,536
2029	$674,426	$25,000	$16,938	$41,938	$716,363
2030	$665,059	$25,000	$16,063	$41,063	$706,122
2031	$662,437	$25,000	$15,188	$40,188	$702,624
2032	$330,565	$25,000	$14,313	$39,313	$369,878
2033	$329,165	$25,000	$13,438	$38,438	$367,603
2034	$332,503	$25,000	$12,500	$37,500	$370,003
2035	$330,397	$30,000	$11,400	$41,400	$371,797
2036	$334,787	$30,000	$10,200	$40,200	$374,987
2037	$329,258	$30,000	$9,000	$39,000	$368,258
2038	$209,669	$30,000	$7,800	$37,800	$247,469
2039	$201,414	$35,000	$6,500	$41,500	$242,914
2040	$203,046	$35,000	$5,100	$40,100	$243,146
2041		$35,000	$3,700	$38,700	$38,700
2042		$35,000	$2,300	$37,300	$37,300
2043		$40,000	$800	$40,800	$40,800
TOTALS:	$9,612,135	$490,000	$245,503	$735,503	$10,347,639

Note: Numbers are rounded to the nearest $1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$490,000.00
Total Sources:	$490,000.00
Uses:	
Deposit to Construction Fund	$465,000.00
Underwriter's Discount (2%)	$9,800.00
Cost of Issuance	$15,200.00
Total Uses:	$490,000.00

DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the Russell Independent School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	1,997.1	2011-12	2,017.2
2001-02	1,906.4	2012-13	2,012.8
2002-03	1,905.0	2013-14	1,999.1
2003-04	1,918.6	2014-15	2,021.8
2004-05	1,915.9	2015-16	2,043.2
2005-06	1,945.6	2016-17	2,030.5
2006-07	1,990.3	2017-18	2,041.9
2007-08	2,020.1	2018-19	2,039.8
2008-09	2,030.4	2019-20	2,033.5
2009-10	2,028.9	2020-21	2,033.5
2010-11	2,018.3	2021-22	2,107.6

Source: Kentucky State Department of Education.

STATE SUPPORT

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

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

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

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

The following table shows the computation of the capital outlay allotment for the Russell Independent School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	199,710.0	2011-12	201,723.0
2001-02	190,640.0	2012-13	201,282.0
2002-03	190,500.0	2013-14	199,907.0
2003-04	191,860.0	2014-15	202,182.0
2004-05	191,590.0	2015-16	204,320.0
2005-06	194,560.0	2016-17	203,050.0
2006-07	199,030.0	2017-18	204,190.0
2007-08	202,010.0	2018-19	203,980.0
2008-09	203,044.0	2019-20	203,350.0
2009-10	202,886.0	2020-21	203,353.3
2010-11	201,827.0	2021-22	210,763.9

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

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

1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;

2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,

3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean $6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to $40,500 effective January 1, 2021.

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	55.2	628,249,078	3,467,935
2001-02	57.7	637,877,253	3,680,552
2002-03	54.9	652,040,183	3,579,701
2003-04	54.9	665,297,444	3,652,483
2004-05	59.8	678,248,879	4,055,928
2005-06	58.8	708,425,431	4,165,542
2006-07	63.6	733,586,366	4,665,609
2007-08	58.8	731,480,821	4,301,107
2008-09	65.4	765,562,034	5,006,776
2009-10	65.4	761,927,125	4,983,003
2010-11	69.7	782,421,776	5,453,480
2011-12	73.3	786,223,091	5,763,015
2012-13	78.6	788,425,612	6,197,025
2013-14	79.8	790,577,790	6,308,811
2014-15	84.2	819,713,104	6,901,984
2015-16	86.4	804,159,084	6,947,934
2016-17	88.3	816,336,708	7,208,253
2017-18	88.1	833,818,384	7,345,940
2018-19	90.1	822,904,813	7,414,372
2019-20	90.9	843,159,117	7,664,316
2020-21	88.3	847,111,603	7,479,995
2021-22	89.5	860,405,097	7,700,626

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Russell Independent School District or other issuing agency within Greenup County as reported by the State Local Debt Officer for the period ending June 30, 2022.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Greenup			
General Obligation	1,500,000	1,005,542	494,458
Land Acquisition Renewable	500,000	180,000	320,000
Refinancing Revenue	550,000	211,938	338,062
Building Revenue	550,000	177,804	372,196
City of Flatwoods			
General Obligation	476,000	103,714	372,286
Sewer Revenue	505,000	381,000	124,000
City of Greenup			
General Obligation	4,150,000	2,105,000	2,045,000

City of Raceland			
General Obligation	310,000	257,901	52,099
Sewer Revenue	280,000	95,500	184,500
City of South Shore			
General Obligation	490,000	42,000	448,000
City of Wurtland			
Water & Sewer Revenue	280,000	113,600	166,400
Special Districts			
Greenup County Extension District	3,165,000	615,417	2,549,583
Lloyd Volunteer Fire Department	226,564	143,670	82,894
Northeast Kentucky Regional Industrial Authority	960,000	245,000	715,000
Greenup County Environmental Commission	5,615,000	2,100,000	3,515,000
Totals:	19,557,564	7,778,086	11,779,478

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	5,806,999	3,467,935	9,274,934
2001-02	5,591,847	3,680,552	9,272,399
2002-03	5,924,245	3,579,701	9,503,946
2003-04	6,184,279	3,652,483	9,836,762
2004-05	6,220,403	4,055,928	10,276,331
2005-06	6,837,499	4,165,542	11,003,041
2006-07	7,273,259	4,665,609	11,938,868
2007-08	8,214,875	4,301,107	12,515,982
2008-09	8,685,064	5,006,776	13,691,840
2009-10	7,825,981	4,983,003	12,808,984
2010-11	7,759,612	5,453,480	13,213,092
2011-12	8,215,682	5,763,015	13,978,697
2012-13	8,079,629	6,197,025	14,276,654
2013-14	8,065,083	6,308,811	14,373,894
2014-15	8,273,898	6,901,984	15,175,882
2015-16	8,648,013	6,947,934	15,595,947
2016-17	8,808,930	7,208,253	16,017,183
2017-18	8,864,332	7,345,940	16,210,272
2018-19	8,903,481	7,414,372	16,317,853
2019-20	8,832,699	7,664,316	16,497,015
2020-21	8,448,492	7,479,995	15,928,487
2021-22	9,317,641	7,700,626	17,018,267

(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 $0.895 for FY 2021-22. 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. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the “Inflation Reduction Act”). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income on certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. 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; EXEMPTION

As a result of the principal amount of Bonds being offered not exceeding $1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

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, Russell Independent Board of Education, 908 Powell Lane, Flatwoods, Kentucky 41139, Telephone 606-836-9679.

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. However, with respect to certain corporations, interest on the Series 2022 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(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, Louisville, Kentucky approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

Original Issue Premium

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

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

Original Issue Discount

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

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

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

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.

MUNCIPAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Municipal 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 Russell Independent 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 Russell Independent Board of Education or the Municipal 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 Russell Independent 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 Municipal 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

Russell Independent School District Finance Corporation School Building Revenue Bonds Series of 2022

Demographic and Economic Data

RUSSELL, KENTUCKY

Greenup County, situated on the Ohio River in the Appalachian foothils of the tri-state area of Kentucky, Ohio, and West Virginia, covers 354 square miles. Greenup County had an estimated 2021 population of 35,638. The county has eight incorporated cities: Bellefonte, Flatwoods, Greenup, Raceland, Russell, South Shore, Worthington, and Wurtland.

The Economic Framework

In 2021, Greenup County had a labor force of 14,439 people with an unemployment rate of 5.4%. The top 5 jobs by occupation were as follows: sales – 1,156 (14.45%); office and administrative support – 1,063 (13.28%); education, training/library – 879 (10.98%); executive, managers, and administrators – 640 (8.00%); and food preparation/serving – 549 (6.86%).

Transportation

Commercial surface traffic routes which serve 32 interstate trucking lines are accessed from Interstate 64 which crosses through Boyd County. A major east-west route, Interstate 64 provides access to I-75, I-65, I-71, I-77 and I-79. Other available highways are U.S. 23 and 60 and Kentucky Routes 7, 8 and 180. Rail service is available through CSX Transportation and Amtrack. The Ohio River had numerous private terminal facilities in both counties. Commercial air service is available through the Tri-State Airport, 14 miles southeast of Ashland. The Ashland Regional Airport in Greenup County maintains a 5,600-foot paved runway for general aviation and corporate transports.

Power and Fuel

American Electric Power and East Kentucky Power Cooperative provide electrical power to Boyd and Greenup Counties. Natural gas service is supplied by Columbia Gas of Kentucky.

Education

Primary and secondary education is provided to Ashland and Boyd County by the Boyd County School System and the Ashland Independent School District. Higher education is available through eight colleges and universities located within 60 miles of Ashland.

LOCAL GOVERNMENT

Structure

Greenup County is governed by a county judge/executive and three commissioners. Each official is elected to a four-year term. Eight incorporated cites are located in Greenup County. The Cities of Bellefonte, South Shore, and Wurtland are each governed by a mayor and four city commissioners. The Cities of Flatwoods, Greenup, Raceland, Russell, and Worthington are each governed by a mayor and six council members. Each mayor is elected to a four-year term, while both the city commissioners and the council members each serve two-year terms.

Planning and Zoning

Joint agency - Grenup County Joint Planning Commission
Participating cities - Bellefonte, Flatwoods, Greenup, Russell, and Worthington
Zoning enforced - Each participating area is responsible for developing and enforcing its own zoning regulations.
Subdivision regulations enforced - Within city limits of Bellefonte, Flatwoods, Greenup, Russell, and Worthington
Local codes enforced - Housing codes in Bellefonte, Flatwoods, Greenup, Russell, and Worthington
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler
Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

Flatwoods - An annual business gross receipts fee with a minimum of $50 is levied for gross receipts up to $75,000. For all businesses exceeding $75,000 in gross receipts, an additional fee generally ranging from $75 to $480 is levied. The absolute maximum fee is $1,250.

Greenup - The City of Greenup levies an unloading fee of $35 annually.

Raceland - An annual business lecense fee of $50 is levied.

South Shore - The city charges an annual business lecense fee of $25 annually.

Wurtland - The city levies a business lecense fee of $25 annually.

LABOR MARKET STATISTICS

The Greenup County Labor Market Area includes the adjoining Kentucky counties of Boyd, Carter, Lawrence and Lewis. Although not included in the statistics below, the Labor Market Area is supplemented by the nearby Ohio Counties of Lawrence and Scioto and the West Virginia Counties of Cabell and Wayne.

Population

Area	2019	2020	2021
Greenup County	35,123	34,941	35,638
Russell	3,164	2,082	3,692

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

Population Projections

Area	2025	2030	2035
Greenup County	35,038	34,059	32,902

Source: Kentucky State Data Center, University of Louisville.

EDUCATION

Public Schools

	Total Enrollment (2021-22)	Pupil to Teacher Ratio
Greenup County schools	2,642	15 - 1
Russell Independent Schools	2,175	16 - 1

Vocational Training

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

Bluegrass State Skills Corporation

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

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

Technical School	Location	Enrollment (2019 – 2020)
Boyd County High School Vocational	Ashland, KY	215
Greenup County ATC	Greenup, KY	477
Martin County ATC	Inez, KY	373
Russell ATC	Russell, KY	462
Morgan County ATC	West Liberty, KY	479

Colleges and Universities

Institution	Location	Enrollment (Fall 2020)
Morehead State University	Morehead, KY	9,660
Ashland Community & Tech College	Ashland, KY	2,598
Big Sandy Community & Tech College	Prestonsburg, KY	2,721

Source: Kentucky Cabinet for Economic Development.

EXISTING INDUSTRY

Firm	Product	Total Employed
Flatwoods:		
Print My Threads	Screen printing	8
South Shore:		
Graf Brothers Flooring	Manufacture hardwood flooring, lumber	184
Harbison Walker International	Fire brick, cement & castable refractories	165
Worthington:		
Progress Rail Raceland Corporation	Repair, maintain, and rebuild railcars	19
Wurtland:		
Wright-Mix Material Solutions, LLC	Block and precast	N/A

Source: Kentucky Cabinet for Economic Development (1/9/2020).

APPENDIX B

Russell Independent School District Finance Corporation School Building Revenue Bonds Series of 2022

Audited Financial Statement ending June 30, 2021

RUSSELL INDEPENDENT SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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Kelley Galloway Smith Goolsby, PSC
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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Russell Independent School District
Flatwoods, 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 Russell Independent School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 6 through 10 and the Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability, and Schedule of OPEB Contributions on pages 52 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Russell Independent School District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2021, on our consideration of Russell Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kelley Galloway Smith Goolsby, PSC
Ashland, Kentucky
November 11, 2021

RUSSELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

As management of the Russell Independent 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 report.

FINANCIAL HIGHLIGHTS

- The General Fund ending fund balance for the District decreased from $4.6 million at June 30, 2020 to $4.2 million at June 30, 2021. The change is due to a one-time extra-service pay to all employees for their difficulty managing the work requirements during the Covid-19 pandemic.

- The General Fund had $21.4 million in revenue, of which 66.37% consisted of state funding (SEEK program and on-behalf payments for insurance and retirement) and 33.7% in property, utilities, and motor vehicle taxes. Expenditures totaled $21.8 million (including on-behalf payments) for the General Fund. Wages and benefits were 85.3% of total General Fund expenditures. The District continues to lead our region in certified staff (teacher) wages, which allows us to impact our children with highly-skilled professionals. During the 2020-2021 year, our average certified teacher wage was $60,957, or 10th highest of 171 districts. The state-wide teacher average was $58,611 for the same year.

- 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 the Kentucky Department of Education (KDE) stringent compliance regulations. The District made $883,011 in bond payments during the 2020-21 year. The School Facilities Construction Commission of the state of Kentucky also either assists or fully pays certain outstanding debt. This totaled $435,070 for the fiscal year.

- Average Daily Attendance (ADA) drives our portion of SEEK and is the largest source of revenue for the District. The Commonwealth of Kentucky only pays for half of the kindergarten students who attend, although, Russell Independent has full day instruction for those children. The District was funded based upon 2,033.54 students for 2020-2021. Due to the Pandemic, the Department of Education froze the funding mechanism for the current year at the 2018-2019 ADA amount.

- The United States Department of Agriculture continued a waiver to allow our District to participate in the Summer Food Service Program for 2020-2021. We normally do not qualify for this program due to our free and reduced percentages not at the required 50% of student population. This waiver allowed the District to serve meals at mobile sites in the community, as well as, the schools when in session to all students. The waiver, along with funding from Congress which passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Elementary and Secondary School Emergency Relief Fund in 2020 and 2021 helped replenish the Food Service fund balance as of June 30, 2021 to almost the pre-pandemic level.

- The District completed a large-scale heating and air conditioning (hvac) renovation that affected Russell Primary, Russell High and Russell-McDowell Intermediate Schools. Russell-McDowell received a complete replacement of the hvac system in the building. Russell High and Russell Primary replaced multiple fresh air exchange units and control systems. Russell Primary also had a boiler system replacement. The District sold bonds in the amount of $4.6 million to finance the project, of which, 41% will be paid for by the School Facilities Construction Commission. The project was completed for $4.6 million.

- The financial statements include payments made by the Commonwealth of Kentucky for retirement, bond payments, health insurance, life insurance, administrative fees, technology and utilization of the Russell Area Vocational School by our students. The total amount was $6.2 and $6.1 million for 2021 and 2020 fiscal years, respectively. This amount is shown as both revenue and an expense in the financial statements, and, therefore, does not affect the fund position of the District. The significant increase in the amount is due to requirements made by the Governmental Accounting Standards Board as discussed in the Notes to the Financial Statements.

- The District adopted GASB 84, Fiduciary Activities during the current year. As a part of the adoption, the financial statements include the accounting of each activity account that is maintained separately. with separate checking accounts, at each of the District's individual schools.
- The District was awarded federal grants as a result of the Covid-19 pandemic. Total funding awarded is $5,200,161 through fiscal year 2022. The District has used the funding for significant purchases of technology, textbooks, personal protective equipment, and food for the School and Community Nutrition program. The District has also used the monies to add intervention teachers to assist with learning loss during the pandemic, to support certified staff salaries, to aide in the child care programs and to hire additional special needs staff.

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, 2) fund, 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, and student transportation. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. The primary 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 13 through 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 51 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by approximately $2.05 and $2.2 million as of June 30, 2021 and 2020, respectively.

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 comparison for the periods ending June 30, 2021 and 2020

The District's net position is shown comparatively as follows:

	June 30, 2021	(As restated) June 30, 2020
Current Assets	$ 5,783,825	$ 7,960,952
Noncurrent Assets	24,970,191	23,732,516
Total Assets	$ 30,754,016	$ 31,693,468
Deferred outflows of resources	$ 3,219,550	$ 2,741,242
Current Liabilities	$ 1,745,904	$ 1,613,807
Noncurrent Liabilities	27,425,353	28,299,143
Total Liabilities	$ 29,171,257	$ 29,912,950
Deferred inflows of resources	$ 2,756,428	$ 2,309,255
Net Position		
Net investment in capital assets	$ 11,222,018	$ 11,247,413
Restricted	(236,045)	(495,880)
Unrestricted	(8,940,092)	(8,539,028)
Total Net Position	$ 2,045,881	$ 2,212,505

The overall net position for 2021 as compared to 2020 basically remained unchanged.

The following table presents a summary of all governmental activities and business-type activities revenues and expenses for the fiscal year ended June 30, 2021, with comparison to 2020.

	2021	2020
Revenues:		
Local Revenue Sources	$ 8,069,380	$ 8,133,508
State Revenue Sources	7,752,096	8,170,564
Federal Revenue	2,903,646	1,903,281
Other Sources	-	23,258
Total Revenues	18,725,122	18,230,611
Expenses:		
Instruction	8,991,324	8,361,228
Student Support Services	571,324	521,954
Instructional Support	1,725,073	1,565,867
District Administration	776,542	697,933
School Administration	872,456	917,580
Plant Operations	3,103,791	2,943,166
Student Transportation	798,917	929,154

Business and Other Support Services	272,058	269,593
Community Services	125,635	110,327
Debt Service	372,029	373,404
Food Service	1,160,653	1,315,560
Child Care Fund	121,944	128,006
Total Expenses	18,891,746	18,133,772
Revenues in Excess (Deficiency) of Expenses	$ (166,624)	$ 96,839

FUND FINANCIAL ANALYSIS

The increase in expenditures was primarily due to the Board of Education's one time supplemental payment of $1,500 to each employee due to the great difficulty the pandemic placed upon every aspect of the learning environment. Of the total General Fund expenditures, indicated for 2021 and 2020 respectively; site-based councils and student support expended 74.8% and 73.1%, 10.7% and 11.9% was spent for maintenance and operations, 6.9% and 6.4% on special needs students, 4.7% and 4.9% on administration, and 2.7% and 3.7% on transportation.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2021 and 2020 for selected funds:

June 30, 2021

Revenues:	General Fund	Special Revenue	Project and Activity	Food Service	Child Care Funds	Total
Local revenue sources	$7,209,496	$ 15,908	$ 732,054	$ 13,187	$ 42,602	$ 8,013,247
State revenue sources	13,977,125	1,125,190	1,146,225	76,020	6,943	16,331,503
Federal revenue	89,296	1,964,332	-	850,017	-	2,903,645
Bond proceeds	-	-	4,665,142	-	-	4,665,142
Other sources	56,134	-	-	-	-	56,134
Transfers	50,964	50,470	908,344	765	-	1,010,543
Total Revenues	21,383,015	3,155,900	7,451,765	939,989	49,545	32,980,214
Expenses:						
Instruction	12,996,230	1,998,558	297,795	-	-	15,292,583
Student support	1,095,074	154,096	19,914	-	-	1,269,084
Instructional support	1,469,789	642,962	26	-	-	2,112,777
District administration	908,136	-	-	-	-	908,136
School administration	1,453,785	-	-	-	-	1,453,785
Business support	345,663	-	-	-	-	345,663
Plant operations	2,624,524	86,691	2,055	-	-	2,713,270
Student transportation	648,120	-	-	-	-	648,120
Community support	5,680	113,647	-	-	-	119,327
Food services	74,106	101,152	-	973,865	-	1,149,123
Child care services	-	58,794	-	-	63,150	121,944
Facilities acquisition and construction	-	-	2,112,808	-	-	2,112,808
Debt service	89,701	-	1,377,869	-	-	1,467,570
Bond escrow payments	-	-	4,605,354	-	-	4,605,354
Transfers	51,235	-	959,308	-	-	1,010,543
Total expenses	21,762,043	3,155,900	9,375,129	973,865	63,150	35,330,087
Revenues over (under) Expenses	$ (379,028)	$ -	$(1,923,364)	$ (33,876)	$ (13,605)	$ (2,349,873)

June 30, 2020

Revenues:	General Fund	Special Revenue	Project and Activity	Food Service	Child Care Funds	Total
Local revenue sources	$7,186,600	$ 26,776	$ 493,580	$ 316,476	$ 110,076	$ 8,133,508
State revenue sources	14,319,129	822,785	947,468	78,123	13,402	16,180,907
Federal revenue	70,845	1,127,180	-	705,256	-	1,903,281
Bond proceeds	-	-	4,569,357	-	-	4,569,357
Other sources	116,541	-	-	-	-	116,541
Transfers	107,619	47,705	1,107,638	4,830	-	1,267,792
Total Revenues	21,800,734	2,024,446	7,118,043	1,104,685	123,478	32,171,386
Expenses:						
Instruction	12,931,795	1,260,521	61,005	-	-	14,253,321
Student support	849,910	63,316	-	-	-	913,226
Instructional support	1,467,452	460,493	787	-	-	1,928,732
District administration	742,257	-	-	-	-	742,257
School administration	1,444,611	-	-	-	-	1,444,611
Business support	329,804	-	-	-	-	329,804
Plant operations	2,629,078	18,294	7,284	-	-	2,654,656
Student transportation	813,607	20,802	-	-	-	834,409
Community support	-	107,852	-	-	-	107,852
Food services	33,965	44,385	-	1,229,718	-	1,308,068
Child care services	-	-	-	-	128,006	128,006
Facilities acquisition and construction	-	-	2,579,082	-	-	2,579,082
Debt service	89,885	-	1,202,796	-	-	1,292,681
Transfers	52,535	48,783	1,161,644	4,830	-	1,267,792
Total expenses	21,384,899	2,024,446	5,012,598	1,234,548	128,006	29,784,497
Revenues over (under) Expenses	$ 415,835	$ -	$2,105,445	$ (129,863)	$ (4,528)	$ (2,386,889)

BUDGETARY IMPLICATIONS FOR 2021-22

In Kentucky, the public school fiscal year is July 1 - June 30; however, federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law, the budget must have a minimum 2% contingency. The District anticipates adoption of the working budget in September 2021 well in excess of the minimum. The Board did not adopt a salary increase for certified and classified workers for the 2021-2022 school year. The District does not anticipate any contingency issues during the 2021-2022 school year, or beyond. Management will continue to be diligent in conservative spending, with a complete focus on what is best for children and the ability to recruit and maintain the very best professional staff afforded to our area.

The international pandemic does pose a financial uncertainty for the coming year(s). The Kentucky Department of Education has maintained a constant level of SEEK funding for the 2021-2022 school year. With financial certainty from the Commonwealth, food service waivers provided by the USDA, CARES funding and existing reserves, the District will be able to provide appropriate instructional services to our community, as well as, maintaining adequate staffing. The District does not anticipate the financial requirements of the pandemic to drastically reduce the General Fund balance or significantly impact the other funds.

Russell Independent has adopted the motto, "Russell Independent Schools, Where Tradition Meets Excellence." We will continue to focus on offering the best for our children and community. This includes safety as a priority, along with educational excellence and opportunities for competition in both academics and athletics.

Questions regarding this report should be directed to Dr. M. Sean Horne, Superintendent or to Dennis C. Chambers, CPA, Chief Financial Officer at (606) 836-9679, e-mail at sean.horne@russellind.kyschools.us or dennis.chambers@russellind.kyschools.us, or by mail at 908 Powell Lane, Flatwoods, Kentucky 41139.

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 4,760,873	$ 312,600	$ 5,073,473
Receivables (net of allowances for uncollectibles):			
Property taxes	138,337	-	138,337
Other	459	-	459
Intergovernmental - federal and state	534,745	25,052	559,797
Inventories	-	11,759	11,759
Capital assets, not being depreciated	460,688	-	460,688
Capital assets, being depreciated, net	24,444,891	64,612	24,509,503
Total assets	30,339,993	414,023	30,754,016
Deferred Outflows of Resources			
Deferred savings from refunding bonds	124,735	-	124,735
Deferred outflows - OPEB related	1,734,219	135,269	1,869,488
Deferred outflows - pension related	1,024,036	201,291	1,225,327
Total deferred outflows of resources	2,882,990	336,560	3,219,550
Liabilities			
Accounts payable	104,009	11,370	115,379
Accrued payroll and employee benefits	123,165	-	123,165
Unearned revenue	304,519	-	304,519
Portion due or payable within one year:			
Notes payable	77,973	-	77,973
Bond obligations	1,045,000	-	1,045,000
Interest Payable	79,868	-	79,868
Noncurrent liabilities:			
Net OPEB liability	6,494,325	307,200	6,801,525
Net pension liability	6,538,299	1,203,179	7,741,478
Notes payable	328,397	-	328,397
Bond obligations	12,341,670	-	12,341,670
Accrued sick leave	212,283	-	212,283
Total liabilities	27,649,508	1,521,749	29,171,257
Deferred Inflows of Resources			
Deferred inflows - OPEB related	2,418,364	81,918	2,500,282
Deferred inflows - pension related	226,907	29,239	256,146
Total deferred inflows of resources	2,645,271	111,157	2,756,428
Net Position			
Net investment in capital assets	11,157,406	64,612	11,222,018
Restricted for:			
Capital projects	495,397	-	495,397
Other purposes	215,493	(946,935)	(731,442)
Unrestricted	(8,940,092)	-	(8,940,092)
Total net position	$ 2,928,204	$ (882,323)	$ 2,045,881

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
Instruction	$ 8,991,324	$ -	$ 1,932,180	$ -	$ (7,059,144)	$ -	$ (7,059,144)
Support services:							
Students	571,324	-	154,096	-	(417,228)	-	(417,228)
Instructional staff	1,725,073	-	642,962	-	(1,082,111)	-	(1,082,111)
District administration	776,542	-	-	-	(776,542)	-	(776,542)
School administration	872,456	-	-	-	(872,456)	-	(872,456)
Business and other support services	272,058	-	-	-	(272,058)	-	(272,058)
Operation and maintenance of plant	3,103,791	-	86,691	-	(3,017,100)	-	(3,017,100)
Student transportation	798,917	-	-	-	(798,917)	-	(798,917)
Food service operations	186,788	-	101,152	-	(85,636)	-	(85,636)
Day care operations	58,794	-	58,794	-	-	-	-
Community services	125,635	-	113,647	-	(11,988)	-	(11,988)
Debt service-interest	372,029	-	-	1,146,225	774,196	-	774,196
Total governmental activities	17,854,731	-	3,089,522	1,146,225	(13,618,984)	-	(13,618,984)
Business-type activities:							
Food service	973,865	13,187	926,037	-	-	(34,641)	(34,641)
Child care fund	63,150	42,602	6,943	-	-	(13,605)	(13,605)
Total business-type activities	1,037,015	55,789	932,980	-	-	(48,246)	(48,246)
Total primary government	$ 18,891,746	$ 55,789	$ 4,022,502	$ 1,146,225	$ (13,618,984)	$ (48,246)	$ (13,667,230)

	Governmental Activities	Business-Type Activities	Total
General revenues:			
Taxes:			
Property taxes, levied for general purposes	$ 6,074,733	$ -	$ 6,074,733
Motor vehicle	670,505	-	670,505
Utilities	867,082	-	867,082
Intergovernmental revenues:			
State	5,487,015	-	5,487,015
Investment earnings	12,886	-	12,886
Other local revenues	388,385	-	388,385
Total general revenues	13,500,606	-	13,500,606
Transfers	(765)	765	-
Change in net position	(119,143)	(47,481)	(166,624)
Net position, June 30, 2020, as restated	3,047,347	(834,842)	2,212,505
Net position, June 30, 2021	$ 2,928,204	$ (882,323)	$ 2,045,881

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 4,037,239	$ -	$ 54,843	$ 668,791	$ 4,760,873
Receivables (net of allowances for uncollectibles):					
Taxes - current	120,650	-	-	-	120,650
Taxes - delinquent	17,687	-	-	-	17,687
Other	459	-	-	-	459
Intergovernmental - state	-	534.745	-	-	534,745
Interfund receivable	226,603	-	-	-	226,603
Total assets	$ 4,402,638	$ 534.745	$ 54,843	$ 668,791	$ 5,661,017
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 99,226	$ 3.623	$ 1,160	$ -	$ 104,009
Accrued payroll and employee benefits	123,165	-	-	-	123,165
Interfund payable	-	226.603	-	-	226,603
Unearned revenue	-	304.519	-	-	304,519
Total liabilities	222,391	534.745	1,160	-	758,296
Fund balances:					
Restricted	-	-	53,683	657,207	710,890
Committed	142,482	-	-	11,584	154,066
Assigned	212,284	-	-	-	212,284
Unassigned	3,825,481	-	-	-	3,825,481
Total fund balances	4,180,247	-	53,683	668,791	4,902,721
Total liabilities and fund balances	$ 4,402,638	$ 534,745	$ 54,843	$ 668,791	$ 5,661,017

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

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

Fund balances—total governmental funds		$ 4,902,721
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		24,905,579
Savings from refunding bonds are not available to pay current period expenditures and therefore, are not reported in the funds.		124,735
Deferred outflows and inflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.		112,984
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liability	(6,494,325)	
Net pension liability	(6,538,299)	
Bonds payable	(13,386,670)	
Notes payable	(406,370)	
Accrued interest payable	(79,868)	
Accrued sick leave	(212,283)	(27,117,815)
Net position of governmental activities		$ 2,928,204

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes -					
Property	$ 5,651,177	$ -	$ -	$ 423,556	$ 6,074,733
Motor vehicles	670,505	-	-	-	670,505
Utilities	867,082	-	-	-	867,082
Interest income	12,795	-	-	91	12,886
Other local revenues	64,070	15,908	-	308,407	388,385
Intergovernmental - State	13,977,125	1,125,190	-	1,146,225	16,248,540
Intergovernmental - Indirect federal	16,361	1,897,607	-	-	1,913,968
Intergovernmental - Direct federal	72,936	66,725	-	-	139,661
Total revenues	21,332,051	3,105,430	-	1,878,279	26,315,760
Expenditures:					
Current:					
Instruction	12,996,230	1,998,558	-	297,795	15,292,583
Support services:					
Students	1,095,074	154,096	-	19,914	1,269,084
Instructional staff	1,469,789	642,962	-	26	2,112,777
District administration	908,136	-	-	-	908,136
School administration	1,453,785	-	-	-	1,453,785
Business and other support services	345,663	-	-	-	345,663
Operation and maintenance of plant	2,624,524	86,691	-	2,055	2,713,270
Student transportation	648,120	-	-	-	648,120
Food service operation	74,106	101,152	-	-	175,258
Day care operations	-	58,794	-	-	58,794
Community services	5,680	113,647	-	-	119,327
Facilities acquisition and construction	-	-	2,112,808	-	2,112,808
Debt service	89,701	-	-	1,377,869	1,467,570
Total expenditures	21,710,808	3,155,900	2,112,808	1,697,659	28,677,175
Excess (deficiency) of revenues over expenditures	(378,757)	(50,470)	(2,112,808)	180,620	(2,361,415)
Other financing sources (uses):					
Bond proceeds	-	-	-	4,665,142	4,665,142
Payments to bond escrow agent	-	-	-	(4,605,354)	(4,605,354)
Transfers in	50,964	50,470	-	908,344	1,009,778
Transfers out	(51,235)	-	-	(959,308)	(1,010,543)
Total other financing sources and uses	(271)	50,470	-	8,824	59,023
Net change in fund balances	(379,028)	-	(2,112,808)	189,444	(2,302,392)
Fund balances, June 30, 2020, as restated	4,559,275	-	2,166,491	479,347	7,205,113
Fund balances, June 30, 2021	$ 4,180,247	$ -	$ 53,683	$ 668,791	$ 4,902,721

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

RUSSELL INDEPENDENT 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 in fund balances - total governmental funds		$ (2,302,392)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	2,344,732	
Depreciation expense	(1,111,803)	
		1,232,929
Governmental funds report pension contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and investment experience.		
KTRS nonemployer support revenue	(8,579,407)	
KTRS pension and OPEB expense	8,907,295	
CERS contributions	37,965	
CERS pension and OPEB expense	(546,606)	
		(180,753)
Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:		
Long-term portion of accrued sick leave		95,320
Interest payable		29,692
Amortization of deferred savings from refunding bonds		(21,700)
Amortization of bond discounts and premiums		2,121
Bond and capital lease proceeds, including related premiums and discounts, are recognized as revenues in the fund financial statements, but are increases in liabilities in the statement of net position.		
Bond proceeds, includes $10,142 premium	(4,665,142)	
Payments to bond escrow agent	4,525,000	
		(140,142)
Governmental funds do not report the effect of gains or losses on refunding of debt, whereas these amounts are deferred and amortized in the statement of activities.		80,354
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the Statement of Net Position.		1,085,428
Change in net position of governmental activities		$ (119,143)

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Food Service Fund	Child Care Fund	Total Proprietary Funds
Assets			
Current assets:			
Cash and cash equivalents	$ 205,393	$ 107,207	$ 312,600
Accounts receivable	25,052	-	25,052
Inventories	11,759	-	11,759
Total current assets	242,204	107,207	349,411
Noncurrent assets:			
Capital assets, net of accumulated depreciation	64,612	-	64,612
Total noncurrent assets	64,612	-	64,612
Total assets	306,816	107,207	414,023
Deferred Outflows of Resources			
Deferred outflows - OPEB related	122,939	12,330	135,269
Deferred outflows - pension related	133,005	68,286	201,291
Total deferred outflows of resources	255,944	80,616	336,560
Total assets and deferred outflows	$ 562,760	$ 187,823	$ 750,583
Liabilities			
Current liabilities:			
Accounts payable	$ 11,338	$ 32	$ 11,370
Total current liabilities	11,338	32	11,370
Noncurrent liabilities:			
Net OPEB liability	281,534	25,666	307,200
Net pension liability	885,678	317,501	1,203,179
Total liabilities	1,178,550	343,199	1,521,749
Deferred Inflows of Resources			
Deferred inflows - OPEB related	66,988	14,930	81,918
Deferred inflows - pension related	29,215	24	29,239
Total deferred inflows of resources	96,203	14,954	111,157
Net Position			
Invested in capital assets	64,612	-	64,612
Restricted	(776,605)	(170,330)	(946,935)
Total net position	(711,993)	(170,330)	(882,323)
Total liabilities, deferred inflows, and net position	$ 562,760	$ 187,823	$ 750,583

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Food Service Fund	Child Care Fund	Total Proprietary Funds
Operating revenues:			
Lunchroom sales	$ 13,187	$ -	$ 13,187
Other revenue	-	42,602	42,602
Total operating revenues	13,187	42,602	55,789
Operating expenses:			
Salaries and wages	377,265	40,176	417,441
Employee benefits	238,162	19,137	257,299
Contract services	9,842	2,325	12,167
Materials and supplies	337,122	1,512	338,634
Depreciation	11,474	-	11,474
Total operating expenses	973,865	63,150	1,037,015
Operating income (loss)	(960,678)	(20,548)	(981,226)
Nonoperating revenues (expenses) :			
Federal grants	794,116	-	794,116
Donated commodities	55,901	-	55,901
State grants	76,020	6,943	82,963
Total nonoperating revenue	926,037	6,943	932,980
Transfers in	765	-	765
Transfers out	-	-	-
Total transfers	765	-	765
Increase (decrease) in net position	(33,876)	(13,605)	(47,481)
Net position, June 30, 2020	(678,117)	(156,725)	(834,842)
Net position, June 30, 2021	$ (711,993)	$ (170,330)	$ (882,323)

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Food Service Fund	Child Care Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from:			
Lunchroom sales	$ 13,187	$ -	$ 13,187
Other operating revenues	-	42,602	42,602
Cash paid to/for:			
Payments to suppliers and providers of goods and services	(279,588)	(3,836)	(283,424)
Payments to employees	(481,867)	(47,490)	(529,357)
Net cash provided by (used for) operating activities	(748,268)	(8,724)	(756,992)
Cash flows from noncapital financing activities:			
Transfers from other funds	765	-	765
Governmental grants	809,227	-	809,227
Net cash provided by noncapital financing activities	809,992	-	809,992
Cash flows from capital and related financing activities:			
Purchases of capital assets	(16,220)	-	(16,220)
Net cash used for capital and related financing activities	(16,220)	-	(16,220)
Net increase (decrease) in cash and cash equivalents	45,504	(8,724)	36,780
Cash and cash equivalents, June 30, 2020	159,889	115,931	275,820
Cash and cash equivalents, June 30, 2021	$ 205,393	$ 107,207	$ 312,600
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (960,678)	$ (20,548)	$ (981,226)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	11,474	-	11,474
Donated commodities	55,901	-	55,901
On-behalf payments	65,192	6,943	72,135
Net pension adjustment	68,368	4,880	73,248
Change in assets and liabilities:			
Inventories	137	-	137
Accounts payable	11,338	1	11,339
Net cash provided by (used for) operating activities	$ (748,268)	$ (8,724)	$ (756,992)
Non-cash items:			
Donated commodities	$ 55,901	$ -	$ 55,901
On-behalf payments	65,192	6,943	72,135

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

RUSSELL INDEPENDENT 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
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes -				
Property	$ 5,833,094	$ 5,628,099	$ 5,651,177	$ 23,078
Motor vehicles	600,000	610,000	670,505	60,505
Utilities	830,000	830,000	867,082	37,082
Interest income	70,000	45,000	12,795	(32,205)
Tuition and fees	3,000	3,000	-	(3,000)
Other local revenues	10,000	2,000	64,070	62,070
Intergovernmental - State	14,150,477	15,007,608	13,977,125	(1,030,483)
Intergovernmental - Indirect federal	-	-	16,361	16,361
Intergovernmental - Direct federal	45,000	45,000	72,936	27,936
Total revenues	21,541,571	22,170,707	21,332,051	(838,656)
Expenditures:				
Current:				
Instruction	12,986,904	13,835,385	12,996,230	839,155
Support services:				
Students	963,295	959,332	1,095,074	(135,742)
Instructional staff	1,540,682	1,555,557	1,469,789	85,768
District administration	861,610	915,756	908,136	7,620
School administration	1,476,178	1,629,713	1,453,785	175,928
Business and other support services	337,111	344,093	345,663	(1,570)
Operation and maintenance of plant	2,549,480	2,712,938	2,624,524	88,414
Student transportation	821,666	834,132	648,120	186,012
Food service operations	42,013	46,369	74,106	(27,737)
Community services	11,894	11,894	5,680	6,214
Contingency	3,866,876	3,647,150	-	3,647,150
Debt service	89,700	89,700	89,701	(1)
Total expenditures	25,547,409	26,582,019	21,710,808	4,871,211
Excess (deficiency) of revenues over expenditures	(4,005,838)	(4,411,312)	(378,757)	4,032,555
Other financing sources (uses):				
Transfers in	55,838	55,838	50,964	(4,874)
Transfers out	(50,000)	(50,000)	(51,235)	(1,235)
Total other financing sources and uses	5,838.0000	5,838	(271)	(6,109)
Net change in fund balances	(4,000,000)	(4,405,474)	(379,028)	4,026,446
Fund balances, June 30, 2020	4,000,000	4,405,474	4,559,275	153,801
Fund balances, June 30, 2021	$ -	$ -	$ 4,180,247	$ 4,180,247

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Student Fees	$ 4,000	$ 4,000	$ -	$ (4,000)
Other local revenues	1,000	1,000	15,908	14,908
Intergovernmental - State	553,971	612,317	1,125,190	512,873
Intergovernmental - Indirect federal	999,451	2,327,155	1,897,607	(429,548)
Intergovernmental - Direct federal	62,886	62,886	66,725	3,839
Total revenues	1,621,308	3,007,358	3,105,430	98,072
Expenditures:				
Current:				
Instruction	1,065,466	2,079,178	1,998,558	80,620
Support services:				
Students	51,477	94,572	154,096	(59,524)
Instructional staff	369,493	576,503	642,962	(66,459)
Operation and maintenance of plant	61,000	61,000	86,691	(25,691)
Student transportation	11,368	11,368	-	11,368
Food service operation	-	100,000	101,152	(1,152)
Day care operations	-	6,000	58,794	(52,794)
Community services	107,504	108,737	113,647	(4,910)
Total expenditures	1,666,308	3,037,358	3,155,900	(118,542)
Excess (deficiency) of revenues over expenditures	(45,000)	(30,000)	(50,470)	(20,470)
Other financing sources (uses):				
Transfers in	45,000	30,000	50,470	20,470
Transfers out	-	-	-	-
Total other financing sources and uses	45,000	30,000	50,470	20,470
Net change in fund balances	-	-	-	-
Fund balances, June 30, 2020	-	-	-	-
Fund balances, June 30, 2021	$ -	$ -	$ -	$ -

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

(1) REPORTING ENTITY

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

The Board, for financial reporting purposes, includes all of the funds and account groups relevant to the operation of the Russell Independent School District. 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.

Russell Independent School District Finance Corporation

On October 30, 1989, the Russell Independent School District Board of Education resolved to authorize the establishment of the Russell Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180), as an agency of the Board for financing the costs of school building facilities. The members of the Russell Independent School District Board of Education also comprise the Corporation's Board of Directors.

Copies of component unit reports may be obtained from the District's Finance Office at 908 Powell Lane, Flatwoods, Kentucky 41139.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS

The accounting policies of the Russell Independent School District substantially comply with accounting principles generally accepted in the United States and the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

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

Government-wide statements provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions. 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, including internally dedicated resources and all taxes, are reported as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements provide information about the District's funds. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

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

The District has the following funds:

I. Governmental Fund Types

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

(B) Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

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

3. The School Activity Fund is a special revenue fund used to account for funds collected at individual schools for activities of student groups and other types of activities requiring clearing accounts. Scholarship Funds provide funding for students' higher education in accordance with the terms or conditions specified by the donors.These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds.*

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

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

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

3. The School Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction expenditures. This is a major fund of the District.

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

II. Proprietary Funds (Enterprise Fund)

(A) 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.

(B) The Child Care Fund is used to account for after school child care and preschool activities. This is listed as a major fund due to the nature of the activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary 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, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

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

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.

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

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.

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

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of property upon which the levy for the 2021 fiscal year was based was $847,111,603.

The property tax rates assessed for the year ended June 30, 2021 to finance General Fund operations were $.849 per $100 valuation for real property, $.850 per $100 valuation on tangible property, and $.504 per $100 valuation for motor vehicles.

The District levies a utilities gross receipts tax in the amount of 3% of the gross receipts derived from the furnishings, within the District of telegraphic communications services, cablevision services, electric power, water and gas.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2021 were 94.51% of the tax levy for real and tangible personal property.

Cash and Cash Equivalents

The Board considers demand deposits, money market funds, and other investments with an original maturity of three months or less, to be cash equivalents.

Inventories

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. 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, other than land, 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
Food service equipment	5-12 years
Other general equipment	10 years

Interfund Balances

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

Budgetary Process

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Accrued Liabilities and Long-Term Obligations

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

Fund Balance Reserves

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

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - 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;
- Assigned fund balance - amounts the District intends to use for a 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 balance - amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

When restricted, committed, assigned and unassigned resources are available for use, it is the District's policy to use restricted, committed and assigned resources first, then unassigned resources as they are needed.

Net Position

Net position represents the difference between assets and liabilities. Net position invested 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 position is 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 District, those revenues are primarily charges for meals provided by the various schools. All other revenues are nonoperating revenues. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. All other expenses are nonoperating.

Interfund Activity

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

Estimates

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

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB plan's fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by plans. 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.

Recent Accounting Pronouncements

In February 2017, the GASB issued Statement No. 84, *Fiduciary Activities* ("GASB 84"). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. Generally, the focus of the criteria relates to (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. Additionally, GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust, or an equivalent arrangement, that meets specific criteria. Finally, it provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The District adopted

GASB No. 84, *Fiduciary Activities* ("GASB 84) effective July 1, 2020. See Note (16) for the effect of this adoption on beginning net position.

In June 2017, the GASB issued Statement No. 87, *Leases* ("GASB 87"), which establishes standards of accounting and financial reporting for leases by lessees and lessors. GASB 87 (1) increases the usefulness of governments' financial statements by requiring 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 provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the District beginning with its year ending June 30, 2022 and will be applied retroactively by restating financial statements. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"), which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. 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, and, thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the District beginning with its year ending June 30, 2022. Management is currently evaluating the impact of this Statement on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2021* ("GASB 92"). GASB 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. Provisions related to insurance-related activities of public entity risk pools and derivative instruments were effective upon issuance. All other provisions will be effective for the District beginning with its year ending June 30, 2022. Adoption of the provisions required upon issuance did not have a material effect on the District's financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

In May 2021, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements ("GASB 96").* GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be effective for the District beginning with its year ending June 30, 2023. Management is currently evaluating the impact of this Statement on its financial statements.

(3) CAPITAL ASSETS

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

Governmental Activities	June 30, 2020	Additions	Deductions	June 30, 2021
Land	$ 460,688	$ -	$ -	$ 460,688
Land improvements	3,186,964	32,160	-	3,219,124
Buildings and improvements	31,268,303	4,581,838	-	35,850,141
Technology equipment	2,876,811	176,343	-	3,053,154
General equipment	1,032,656	23,421	-	1,056,077
Vehicles	2,170,629	-	-	2,170,629
Construction in progress	2,469,030	2,112,808	(4,581,838)	-
Totals at historical cost	43,465,081	6,926,570	(4,581,838)	45,809,813
Less: accumulated depreciation -				
Land improvements	(1,893,234)	(79,367)	-	(1,972,601)
Buildings and improvements	(13,006,469)	(713,996)	-	(13,720,465)
Technology equipment	(2,441,312)	(192,474)	-	(2,633,786)
Vehicles	(1,695,048)	(80,036)	-	(1,775,084)
General equipment	(756,368)	(45,930)	-	(802,298)
Total accumulated depreciation	(19,792,431)	(1,111,803)	-	(20,904,234)
Governmental Activities Capital Assets-Net	$ 23,672,650	$ 5,814,767	$ (4,581,838)	$ 24,905,579
Business-Type Activities				
Food service land improvements	$ 2,350	$ -	$ -	$ 2,350
Food service equipment	617,915	16,220	-	634,135
Technology equipment	27,248	-	-	27,248
Totals at historical cost	647,513	16,220	-	663,733
Less: accumulated depreciation -				
Land improvements	(1,772)	(118)	-	(1,890)
Equipment	(558,627)	(11,356)	-	(569,983)
Technology equipment	(27,248)	-	-	(27,248)
Total accumulated depreciation	(587,647)	(11,474)	-	(599,121)
Business-Type Activities Capital Assets-Net	$ 59,866	$ 4,746	$ -	$ 64,612

Depreciation expense is allocated to governmental functions as follows:

Instruction	$ 590,485
District administration	61,205
School administration	9,709
Plant operation and maintenance	369,407
Student transportation	80,997
	$ 1,111,803

(4) RETIREMENT PLANS

Kentucky Teachers Retirement System

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

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

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

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

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

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

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System. University members are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 8.185% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. University employers contribute 15.865% of salaries of members. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

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

District's proportionate share of the net Pension liability	$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	45,394,395
	$ 45,394,395

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2020, the District's proportion was 0.3203%.

For the year ended June 30, 2021 the District recognized pension expense of $(5,036,902) and revenue of $(5,036,902) for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24.4 years
Asset Valuation Method	5-year smoothed market value
Single Equivalent Interest Rate	7.50%
Municipal Bond Index Rate	2.19%
Inflation	3.0%
Salary Increase	3.5-7.3%, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the Board on September 19, 2016. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US 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)%
	100.0%	

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

Discount Rate: The discount rate used to measure the total pension liability as of the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at the 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.

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Commonwealth's proportionate share of the Net Pension liability associated with the District	$ 60,436,000	$ 45,394,395	$ 36,639,000

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KTRS financial report which is publically available at http://www.ktrs.ky.gov/.

County Employees Retirement System

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

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

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2021, employers were required to contribute 24.06% (19.30% - pension, 4.76% insurance) of the member's salary. During the year ending June 30, 2021, the District contributed $536,266 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2020. At June 30, 2020, the District's proportion was 0.100933%.

For the year ended June 30, 2021, the District recognized pension expense of approximately $1,007,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 193,048	$ -
Changes of assumptions	302,292	-
Net difference between projected and Actual earnings on investments	193,721	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	256,146
District contributions subsequent to the measurement date	536,266	-
	$ 1,225,327	$ 256,146

The $536,266 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year	
2022	$ 169,416
2023	104,776
2024	80,920
2025	77,803
	$ 432,915

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019

Measurement Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	24 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected market value of assets is recognized
Payroll Growth	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

As a result of the 2018 experience study, the salary increase assumptions, retirement rate assumptions, mortality assumptions, withdrawal rates, and rates of disablement were updated for the 2019 actuarial valuation.

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 is utilized. For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**62.50%**	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity	**14.50%**	
Core Bonds	13.50%	(0.25)%
Cash	1.00%	(0.75)%
Diversifying Strategies	**23.00%**	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	**100.00%**	**3.96%**

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 9,547,000	$ 7,741,478	$ 6,246,000

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

Payables to the pension plan: At June 30, 2021, there were no payables to CERS.

(5) OTHER POSTEMPLOYMENT BENEFIT ("OPEB") PLANS

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

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

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

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

At June 30, 2021, the District reported a liability of $4,365,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. 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 0.311498%.

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

District's proportionate share of the net OPEB liability	$ 4,365,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	3,496,000
	$ 7,861,000

For the year ended June 30, 2021, the District recognized OPEB expense of $(7,000) and revenue of $245,000 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,861,000
Changes of assumptions	265,000	-
Net difference between projected and actual earnings on investments	142,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	97,000	83,000
District contributions subsequent to the measurement date	321,339	-
	$ 825,339	$ 1,944,000

Of the total amount reported as deferred outflows of resources related to OPEB, $321,339 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		
2022	$	(291,000)
2023		(280,000)
2024		(283,000)
2025		(260,000)
2026		(232,000)
Thereafter		(94,000)
	$	(1,440,000)

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.50% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and Older	5.25% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B Premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031
Municipal Bond Index Rate	2.20%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019, valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2015. The remaining actuarial assumptions used in the June 30, 2019, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation. The health care cost trend rate assumption was updated for the June 30, 2019, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Other Additional Categories	17.0%	2.5%
Cash	1.0%	(0.5)%
Total	100.0%	

Discount rate: The discount rate used to measure the TOL as of the measurement date was 8%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.5%.
- The KEHP group retiree health care costs for members retired on or after July 1, 2010, were assumed to be paid by either the state or the retirees themselves.
- As administrative expenses, other than the administrative fee of $7.44 per member per month (PMPM) paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur midyear.
- Future contributions to the Health Insurance Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the health trust achieves a sufficient funded status, as determined by TRS's actuary, the following health trust statutory contributions are to be decreased, suspended or eliminated:

    - Employee contributions
    - Employer contributions
    - State contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if the health trust is projected to achieve a funded ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the actuarially determined contribution, as determined by the prior year's valuation and in accordance with the health trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This also may include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

- In developing the adjustments to the statutory contributions in future years, the following was assumed: (1) Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP and (2) a 0% active member growth rate was assumed for the purposes of developing estimates for new entrants (membership dates beyond June 30, 2019).

The FNP projections are based upon the health trust's financial status on the valuation date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether or not the health trust will actually run out of money, the financial condition of the trust, or the trust's ability to make benefit payments in future years.

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

	1% Decrease (7.00%)	Current discount rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net OPEB liability	$ 5,276,000	$ 4,365,000	$ 3,605,000

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 5,480,000	$ 4,365,000	$ 3,460,000

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

Life Insurance Plan

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

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

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

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

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

District's proportionate share of the net OPEB liability	$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	106,000
	$ 106,000

The net OPEB liability was measured as of June 30, 2020, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2020, the District's proportion was 0.304606%.

For the year ended June 30, 2021, the District recognized OPEB expense of $-0- and revenue of $5,000 for support provided by the State.

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	2.19%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019, valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2015. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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:

	Target Allocation	Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Other Additional Categories	6.0%	2.5%
Cash	2.0%	(0.5)%
Total	100.0%	

Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 7.5%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.5%.
- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not contribute to the plan.
- Cash flows occur midyear.

Based on these assumptions, the Life Insurance Trust's fiduciary net position was not projected to be depleted. The FNP projections are based upon the Life Insurance Trust's financial status on the valuation date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether the Life Insurance Trust actually will run out of money, the financial condition of the trust, or the trust's ability to make benefit payments in future years.

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net OPEB liability	$ 153,000	$ 106,000	$ 67,000

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

County Employees Retirement System Insurance Fund

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

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

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

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

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2021, CERS allocated 4.76% of the 24.06% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2021, the District contributed $132,261 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2021, the District reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2020. At June 30, 2020, the District's proportion was 0.100904%.

For the year ended June 30, 2021, the District recognized OPEB expense of approximately $291,000, including an implicit subsidy of $59,797. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 407,092	$ 407,410
Changes of assumptions	423,811	2,577
Net difference between projected and actual earnings on investments	80,985	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	146,295
District contributions subsequent to the measurement date	132,261	-
	$ 1,044,149	$ 556,282

Of the total amount reported as deferred outflows of resources related to OPEB, $132,261 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.

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

Year	
2022	$ 94,402
2023	118,369
2024	72,535
2025	77,827
2026	(7,527)
	$ 355,606

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	24 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized

Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Post-65	Initial trend starting at 2.90% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

As a result of the 2018 experience study, the salary increase assumptions, retirement rate assumptions, mortality assumptions, withdrawal rates, and rates of disablement were updated for the 2019 actuarial valuation.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December 2019 are reflected in the June 30, 2020 GASB 75 actuarial information. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**62.50%**	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity	**14.50%**	
Core Bonds	13.50%	(0.25)%
Cash	1.00%	(0.75)%
Diversifying Strategies	**23.00%**	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	**100.00%**	**3.96%**

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

Discount rate - The discount rate used to measure the total OPEB liability was 5.34%. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current discount rate (5.34%)	1% Increase (6.34%)
District's proportionate share of the net OPEB liability	$ 3,130,000	$ 2,436,525	$ 1,867,000

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,886,000	$ 2,436,525	$ 3,104,000

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

Payables to the OPEB plan: At June 30, 2021, there were no payables to CERS.

(6) 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. At June 30, 2021, this amount totaled $212,283 for those employees with five or more years of experience and who have reached the age of 55. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net positon.

(7) COMMITMENTS AND CONTINGENCIES

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

The District at times is subject to certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

(8) CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

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

At June 30, 2021, the carrying amounts of the District's deposits were $5,073,473 and the bank balances were $5,602,558. Of the total bank balances, $268,565 was insured by the FDIC, and $5,333,993 was secured by collateral held by the pledging banks in the District's name.

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

(9) DEBT OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make lease payments relating to bonds issued by the Russell Independent School District Finance Corporation aggregating $22,615,000 and notes issued by the Russell Independent School District to the Kentucky Interlocal School Transportation Association ("KISTA") in the original amount of $792,762.

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

Issue Date	Proceeds	Rates
2021R	$ 4,010,000	1.00% - 1.15%
2020R	645,000	2.00%
2020	4,600,000	2.00% - 2.50%
2016	1,515,000	2.00% - 3.00%
2015R	2,910,000	2.00% - 3.00%
2015	1,025,000	1.00% - 3.63%
2012	1,780,000	1.15% - 2.40%
2011	5,320,000	1.00% - 4.63%
2010	810,000	2.00% - 4.00%
Various (KISTA)	792,762	1.50% - 3.00%
2014 KSBIT	274,421	0.00%

The District, through the General Fund, including local building fund taxes, the SEEK Capital Outlay Fund, and the Facilities Support Program of Kentucky is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on the bonds and notes for school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds or notes issued for purchase and construction then outstanding.

A summary of activity in bond obligations and other long-term obligations is as follows:

Description	Balance at June 30, 2020	Additions	Payments	Balance at June 30, 2021	Due within One Year
General obligation bonds - $22,615,000 originally issued with interest rates ranging from 1.00% to 4.63%	$ 14,235,000	$ 4,655,000	$ (5,510,000)	$ 13,380,000	$ 1,045,000
Premium (discount) on bonds	(1,351)	10,142	(2,121)	6,670	-
KISTA notes payable	484,026	-	(77,656)	406,370	77,973
KSBIT Liability	22,772	-	(22,772)	-	-
Accumulated unpaid sick leave benefits	307,603	-	(95,320)	212,283	-
	$ 15,048,050	$ 4,665,142	$ (5,707,869)	$ 14,005,323	$ 1,122,973

In connection with the 2021R, 2020, 2015R, 2015 and 2011 bond issues, the Board entered into participation agreements with the Kentucky School Facilities Construction Commission, whereby the Commission has agreed to provide amounts on an annual basis (reflected in the following table) for a period of two years. The obligation of the Commission to make said payments shall automatically renew every two years, unless the Commission provides the Board notice of its intention not to participate within sixty days prior to the expiration of the two-year period.

The bonds may be called prior to maturity at redemption premiums as specified in each issue. Assuming no issues are called prior to scheduled maturity and that the Kentucky School Facilities Construction Commission continues to renew its agreement, the minimum obligations at June 30, 2021 for debt service (principal and interest) are as follows:

	Bonds				
	Kentucky School Facilities Construction Commission		Russell Independent School District		
Year	Principal	Interest	Principal	Interest	Total
2022	$ 340,462	$ 91,435	$ 704,538	$ 176,822	$ 1,313,257
2023	346,117	87,897	708,883	162,316	1,305,213
2024	358,378	77,753	716,622	157,810	1,310,563
2025	364,353	68,978	725,647	141,388	1,300,366
2026	372,522	63,209	742,478	126,594	1,304,803
2027-31	1,378,046	234,850	3,071,954	445,483	5,130,333
2032-36	768,263	116,308	1,436,737	220,680	2,541,988
2037-40	451,906	28,481	893,094	50,294	1,423,775
	$ 4,380,047	$ 768,911	$ 8,999,953	$ 1,481,387	$ 15,630,298

	Notes Payable		
Year	Principal	Interest	Total
2022	$ 77,973	$ 10,244	$ 88,217
2023	70,672	8,345	79,017
2024	62,201	6,607	68,808
2025	63,729	5,017	68,746
2026	45,402	3,346	48,748
2027-30	86,393	3,684	90,077
	$ 406,370	$ 37,243	$ 443,613

On November 17, 2020, the District issued $645,000 in refunding bonds with an average rate of 2.00% to current refund $630,000 of the series 2010 bonds with an average rate of 3.91%. This current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,479. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2031 using the straight-line method. Additionally, the District reduced its total debt service payments over the following 10 years by $60,805 and obtained an economic gain (difference between the present values of the debt service payments of the old and new bonds) of $53,482.

On January 6, 2021, the District issued $4,010,000 in refunding bonds with an average rate of 1.04% to current refund $3,895,000 of the series 2010 bonds with an average rate of 4.29%. This current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $78,875. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2031 using the straight-line method. Additionally, the District reduced its total debt service payments over the following 10 years by $641,354 and obtained an economic gain (difference between the present values of the debt service payments of the old and new bonds) of $603,470.

The Kentucky School Boards Insurance Trust ("KSBIT") notified the District during fiscal year 2013 that their self-insurance pools for worker's compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On May 13, 2014, the court approved the plan of assessment tendered by KSBIT and approved the Loss Portfolio Transfer to Kentucky Employers Mutual Insurance ("KEMI"). As a result the District's portion of the liability was estimated at $274,421. The District took the option of paying 25% down by August 31, 2014 and financing the remaining balance over 6 years to be paid in equal annual installments beginning August 31, 2015 with no interest. The final payment was made on August 31, 2020.

Net Pension Liability

The net pension liability is $6,538,299 and $1,203,179 for governmental activities and business-type activities, respectively, at June 30, 2021. See Note 4 for more detailed information.

Net OPEB Liability

The net OPEB liability is $6,494,325 and $307,200 for governmental activities and business-type activities, respectively, at June 30, 2021. See Note 5 for more detailed information.

(10) RISK MANAGEMENT

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

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

(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 potential loss. It is management's opinion that the District is in compliance with COBRA requirements.

(12) INTERFUND ACTIVITY

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds are eliminated in the Statement of Net Position. The composition of interfund balances as of June 30, 2021 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 226,603

The following transfers were made during the year:

Type	Fund Transferred From	Fund Transferred To	Purpose	Amount
Operating	General	Special Revenue	Matching	$ 50,470
Operating	FSPK	Debt Service	Debt Service	807,824
Operating	SEEK	Debt Service	Debt Service	75,187
Capital	SEEK	General	Operating	50,837
Operating	General	Food Service	Operating	765
Reimbursement	Activity	General	Reimbursement	127
Operating	Activity	District Activity	Operating	25,333

(13) ON-BEHALF PAYMENTS

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

Plan / Description	Amount
Kentucky Teachers Retirement System	$ 3,535,506
Health Insurance Plan, Flexible Spending Plan, and Administrative Life Insurance Plan	2,103,881
Technology	97,850

Debt Service	435,070
Total on-behalf	$ 6,172,307

These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense account on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures and Changes in Fund Balance.

(14) FUND DEFICIT

As of June 30, 2021, the Food Service Fund and the Child Care Fund had a negative net position of $711,993 and $170,330, respectively. These deficits resulted from the funds' proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

(15) ECONOMIC UNCERTAINTIES

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact future revenues. Other financial impact could occur, but such potential impact is unknown at this time.

(16) CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 84, *Fiduciary Activities* effective July 1, 2020. As a result, beginning net position has been restated to reflect the student activity fund balance of $157,977 in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

REQUIRED SUPPLEMENTAL INFORMATION

RUSSELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	Reporting Fiscal Year (Measurement)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:							
District's proportion of the net pension liability	0.10093%	0.10581%	0.10754%	0.11196%	0.11307%	0.10452%	0.10119%
District's proportionate share of the net pension liability	$ 7,741,478	$ 7,441,383	$ 6,549,453	$ 6,553,422	$ 5,567,171	$ 4,493,842	$ 3,283,000
District's covered payroll	$ 2,598,062	$ 2,684,420	$ 2,685,076	$ 2,748,108	$ 2,712,367	$ 2,436,406	$ 2,321,509
District's proportionate share of the net pension liability as a percentage of its covered payroll	297.971%	277.206%	243.921%	238.470%	205.251%	184.446%	141.417%
Plan fiduciary net position as a percentage of the total pension liability	47.810%	50.450%	53.540%	53.300%	55.500%	59.970%	66.800%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
District's proportion of the net pension liability	0.320%	0.324%	0.328%	0.326%	0.324%	0.307%	0.297%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	45,394,395	44,213,145	42,949,853	87,840,435	95,598,345	71,365,594	60,898,003
Total	$ 45,394,395	$ 44,213,145	$ 42,949,853	$ 87,840,435	$ 95,598,345	$ 71,365,594	$ 60,898,003
District's covered payroll	$ 10,512,188	$ 10,365,586	$ 10,349,482	$ 10,112,628	$ 9,989,344	$ 9,301,366	$ 9,287,293
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	58.300%	58.800%	59.300%	39.830%	35.220%	42.490%	45.590%

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
COUNTY EMPLOYEES RETIREMENT SYSTEM:								
Contractually required contribution	$ 536,266	$ 501,426	$ 435,413	$ 388,799	$ 383,361	$ 336,854	$ 310,642	$ 318,989
Contributions in relation to the contractually required contribution	536,266	501,426	435,413	388,799	383,361	336,854	310,642	318,989
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,778,580	$ 2,598,062	$ 2,684,420	$ 2,685,076	$ 2,748,108	$ 2,712,367	$ 2,436,406	$ 2,321,509
District's contributions as a percentage of its covered payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:								
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 11,077,479	$ 10,512,188	$ 10,365,586	$ 10,349,482	$ 10,112,628	$ 9,989,344	$ 9,301,366	$ 9,287,293
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:				
District's proportion of the net OPEB liability	0.10090%	0.10578%	0.10754%	0.11196%
District's proportionate share of the net OPEB liability	$ 2,436,525	$ 1,779.138	$ 1,909.263	$ 2,250,799
District's covered payroll	$ 2,598,062	$ 2,684,420	$ 2,685,076	$ 2,748,108
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	93.782%	66.276%	71.106%	81.909%
Plan fiduciary net position as a percentage of the total OPEB liability	51.7%	60.4%	57.6%	52.4%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:				
District's proportion of the net OPEB liability	0.31150%	0.31474%	0.31714%	0.31404%
District's proportionate share of the net OPEB liability	$ 4,365,000	$ 5,096,000	$ 5,910,000	$ 6,163,000
State's proportionate share of the net OPEB liability associated with the District	3,496,000	4,116,000	5,093,000	5,035,000
Total	$ 7,861,000	$ 9,212,000	$ 11,003,000	$ 11,198,000
District's covered payroll	$ 10,181,834	$ 10,106,700	$ 10,114,400	$ 9,871,333
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.870%	50.422%	58.432%	62.433%
Plan fiduciary net position as a percentage of the total OPEB liability	39.10%	32.58%	25.50%	21.18%

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

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

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:				
District's proportion of the net OPEB liability	0.30461%	0.30773%	0.30988%	0.30687%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the District	106,000	96,000	87,000	67,000
Total	$ 106,000	$ 96,000	$ 87,000	$ 67,000
District's covered payroll	$ 10,181,834	$ 10,106,700	$ 10,114,400	$ 9,871,333
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	71.600%	73.400%	75.000%	79.990%

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:					
Contractually required contribution	$ 132,261	$ 123,668	$ 141,201	$ 126,198	$ 129,977
Contributions in relation to the contractually required contribution	132,261	123,668	141,201	126,198	129,977
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	$ 2,778,580	$ 2,598,062	$ 2,684,420	$ 2,685,076	$ 2,748,108
District's contributions as a percentage of its covered payroll	4.76%	4.76%	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:					
Contractually required contribution	$ 321,339	$ 305,450	$ 303,201	$ 303,432	$ 296,140
Contributions in relation to the contractually required contribution	321,339	305,450	303,201	303,432	296,140
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	$ 10,711,255	$ 10,181,834	$ 10,106,700	$ 10,114,400	$ 9,871,333
District's contributions as a percentage of its covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%

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

RUSSELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:					
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	$ 10,711,255	$ 10,181,834	$ 10,106,700	$ 10,114,400	$ 9,871,333
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

(1) CHANGES OF ASSUMPTIONS

KTRS

In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

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

The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2018:

- Increased the Single Equivalent Interest rate (SEIR) from 4.49% to 7.50%

CERS

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

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

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

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).

- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

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

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	27.1 years
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increase	3.5% to 7.3%, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation

CERS

The following actuarial methods and assumptions were used to determine the actuarially determined contribution rates reported in the most recent year of that schedule:

Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years, closed
Payroll growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

(3) CHANGES OF BENEFITS

KTRS

There were no changes of benefit terms for KTRS.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2019 is determined using these updated benefit provisions.

(1) CHANGES OF ASSUMPTIONS

KTRS

Medical Insurance Plan - There were no changes of assumptions.

Life Insurance Plan - There were no changes of assumptions.

CERS Insurance Fund

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

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

Medical Insurance Plan - The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 years, Closed

Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized)

Life Insurance Plan - The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	27 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.45%
Discount rate	7.50%

CERS Insurance Fund

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

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	25 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Post-65	Initial trend starting at 5.00% at and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS non-hazardous and hazardous

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan – There were no changes of benefit terms.

Life Insurance Plan – There were no changes of benefit terms.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

SUPPLEMENTAL INFORMATION

RUSSELL INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	SEEK Fund	District Activity Fund	School Activity Fund	FSPK Fund	Debt Service Funds	Total Non-Major Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 318,180	$ 11,584	$ 215,493	$ 123,534	$ -	$ 668,791
Accounts receivable	-	-	-	-	-	-
Total assets	$ 318,180	$ 11,584	$ 215,493	$ 123,534	$ -	$ 668,791
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-	-
Fund Balances:						
Restricted	318,180	-	215,493	123,534	-	657,207
Committed	-	11,584	-	-	-	11,584
Total fund balance	318,180	11,584	215,493	123,534	-	668,791
Total liabilities and fund balances	$ 318,180	$ 11,584	$ 215,493	$ 123,534	$ -	$ 668,791

RUSSELL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	SEEK Fund	District Activity Fund	School Activity Fund	FSPK Fund	Debt Service Funds	Total Non-Major Governmental Funds
REVENUES:						
From local sources -						
Property taxes	$ -	$ -	$ -	$ 423,556	$ -	$ 423,556
Interest income	-	-	91	-	-	91
Other	-	898	307,509	-	-	308,407
Intergovernmental - State	203,353	-	-	507,802	435,070	1,146,225
Total revenues	203,353	898	307,600	931,358	435,070	1,878,279
EXPENDITURES:						
Instruction	-	93,111	204,684	-	-	297,795
Support Services -						
Students	-	-	19,914	-	-	19,914
Instructional staff	-	-	26	-	-	26
Operation and maintenance of plant	-	2,055	-	-	-	2,055
Debt service	-	-	-	-	1,377,869	1,377,869
Total expenditures	-	95,166	224,624	-	1,377,869	1,697,659
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	203,353	(94,268)	82,976	931,358	(942,799)	180,620
OTHER FINANCING SOURCES (USES):						
Bond proceeds	-	-	-	-	4,665,142	4,665,142
Payments to bond escrow agent	-	-	-	-	(4,605,354)	(4,605,354)
Operating transfers in	-	25,333	-	-	883,011	908,344
Operating transfers out	(126,024)	-	(25,460)	(807,824)	-	(959,308)
Total other financing sources (uses)	(126,024)	25,333	(25,460)	(807,824)	942,799	8,824
NET CHANGE IN FUND BALANCE	77,329	(68,935)	57,516	123,534	-	189,444
FUND BALANCE June 30, 2020, as restated	240,851	80,519	157,977	-	-	479,347
FUND BALANCE June 30, 2021	$ 318,180	$ 11,584	$ 215,493	$ 123,534	$ -	$ 668,791

RUSSELL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2015 Bond Fund	2015R Bond Fund	2016 Bond Fund	2020 Bond Fund	2020R Bond Fund	2021R Bond Fund	Totals Debt Service Fund
REVENUES:										
Intergovernmental - State	$ -	$ 18,642	$ -	$ 69,550	$ 138,953	$ -	$ 120,785	$ -	$ 87,140	$ 435,070
Total revenues	-	18,642	-	69,550	138,953	-	120,785	-	87,140	435,070
EXPENDITURES:										
Debt service	65,243	121,939	240,829	69,550	318,825	49,800	182,314	5,058	324,311	1,377,869
Total expenditures	65,243	121,939	240,829	69,550	318,825	49,800	182,314	5,058	324,311	1,377,869
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(65,243)	(103,297)	(240,829)	-	(179,872)	(49,800)	(61,529)	(5,058)	(237,171)	(942,799)
OTHER FINANCING SOURCES (USES):										
Bond proceeds	648,143	4,016,999	-	-	-	-	-	-	-	4,665,142
Payments to bond escrow agent	(631,479)	(3,973,875)	-	-	-	-	-	-	-	(4,605,354)
Operating transfers in	48,579	60,173	240,829	-	179,872	49,800	61,529	5,058	237,171	883,011
Total other financing sources (uses)	65,243	103,297	240,829	-	179,872	49,800	61,529	5,058	237,171	942,799
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-	-	-
FUND BALANCE June 30, 2020	-	-	-	-	-	-	-	-	-	-
FUND BALANCE June 30, 2021	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	(As restated) Cash Balance June 30, 2020	Receipts	Disbursements	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Restricted Fund Balance June 30, 2021
Russell High School	$ 44,008	$ 234,317	$ 186,235	$ 92,090	$ -	$ -	$ 92,090
Scholarship Funds	41,121	10,830	11,147	40,804	-	-	40,804
Russell Middle School	35,172	49,139	44,220	40,091	-	-	40,091
Russell Primary School	16,786	6,068	3,965	18,889	-	-	18,889
Russell-McDowell Intermediate School	20,890	7,246	4,517	23,619	-	-	23,619
	$ 157,977	$ 307,600	$ 250,084	$ 215,493	$ -	$ -	$ 215,493

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
RUSSELL HIGH SCHOOL ACTIVITY AND SCHOLARSHIP FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Cash Balances June 30, 2020	Receipts	Disbursements	Cash Balances June 30, 2021	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2021
Activity Funds:						
Academic Team	$ 1,780	$ -	$ (470)	$ 1,310	$ -	$ 1,310
After Prom	1,025	-	-	1,025	-	1,025
AP Student Textbook	130	-	-	130	-	130
Art/ T Perry	-	10	(10)	-	-	-
Athletics	-	27,237	(27,237)	-	-	-
Band	64	12,099	(6,290)	5,873	-	5,873
Baseball	-	8,060	(8,060)	-	-	-
Beta Club	486	2,380	(2,830)	36	-	36
Boys Basketball	-	9,701	(9,551)	150	-	150
Boys Basketball Camp	1,039	-	-	1,039	-	1,039
Boys Golf	-	4,814	(4,814)	-	-	-
Boys Soccer	-	3,678	(3,678)	-	-	-
Boys Tennis	-	1,242	(1,242)	-	-	-
Boys Tennis Camp	138	-	-	138	-	138
Boys/Girls Swimming	-	305	(305)	-	-	-
Boys/Girls Track	-	6,636	(6,636)	-	-	-
Boys/Girls Track Camp	311	-	-	311	-	311
Choir	2,019	29	(45)	2,003	-	2,003
Cross County	-	1,088	(1,088)	-	-	-
DAF	-	38,679	(4,436)	34,243	-	34,243
Drama Club	707	-	-	707	-	707
Faculty Lounge	166	59	-	225	-	225
Field Trips	366	-	-	366	-	366
Football	-	50,794	(50,794)	-	-	-
French Club	52	-	-	52	-	52
Freshman Class	77	-	-	77	-	77
Garden Club	1,183	-	-	1,183	-	1,183
General Fund	4	6,517	(4,646)	1,875	-	1,875
Girls Basketball	-	9,830	(9,830)	-	-	-
Girls Basketball Camp	1,495	360	(533)	1,322	-	1,322
Girls Golf	-	4,411	(4,411)	-	-	-
Girls Soccer	-	4,809	(4,809)	-	-	-
Girls Tennis	-	3,087	(3,087)	-	-	-
Girls Tennis Camp	256	-	-	256	-	256
Junior Class	50	-	-	50	-	50
Key Club	3,353	-	(359)	2,994	-	2,994
Latin Club	3,198	-	-	3,198	-	3,198
Library	-	325	-	325	-	325
Math Software Fees	-	50	(50)	-	-	-
National English Honor Society	642	500	(539)	603	-	603
National Honor Society	-	385	(385)	-	-	-
Orchestra - Disney	1,503	-	-	1,503	-	1,503
Pep Club	651	120	-	771	-	771
Prom	-	590	(590)	-	-	-
Revilonian	-	16,287	(16,287)	-	-	-
RHS Dance Team	-	512	(512)	-	-	-
ROTC	526	11,824	(6,140)	6,210	-	6,210
School Store	-	1,500	-	1,500	-	1,500
Science - Barnett	-	1,200	-	1,200	-	1,200
Science Olympiad	8,343	-	-	8,343	-	8,343
Senior Class	196	-	(90)	106	-	106
Senior Salute	1,228	640	(763)	1,105	-	1,105
Sociedad Honoraria	6,767	2,611	(2,479)	6,899	-	6,899
Softball	-	6,446	(5,940)	506	-	506
Sophomore Class	125	-	-	125	-	125
Spanish Honor Society	2,511	615	(570)	2,556	-	2,556
Special Ed Field Trip	36	10	-	46	-	46
Special Education	31	75	(17)	89	-	89
Sports Change	-	2,500	(2,500)	-	-	-
Sports Medicine	-	1,281	(1,281)	-	-	-
Student Government	2,702	463	(3,165)	-	-	-
Student Government Leadership	124	-	-	124	-	124
Testing	-	20,330	(20,330)	-	-	-
Trim Fees	50	26,346	(26,035)	361	-	361
Unicef Club	39	-	-	39	-	39
Volleyball	-	4,123	(4,123)	-	-	-
Winter Guard Club	635	-	-	635	-	635
Y Club	-	481	-	481	-	481
	44,008	295,039	(246,957)	92,090	-	92,090
Less: Inter-fund transfers	-	(60,722)	60,722	-	-	-
	$ 44,008	$ 234,317	$ (186,235)	$ 92,090	$ -	$ 92,090

RUSSELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
RUSSELL HIGH SCHOOL ACTIVITY AND SCHOLARSHIP FUNDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2021

	Cash Balances June 30, 2020	Receipts	Disbursements	Cash Balances June 30, 2021
Scholarship Funds:				
Bennett Lake Memorial Scholarship	$ 16,745	$ 3,131	$ (1,311)	$ 18,565
Beta Club Scholarship	-	500	(500)	-
Cameron Weis	7,385	3	-	7,388
Class of 1984	335	-	(250)	85
Class of 1993	500	-	(250)	250
Earl Mittendorf Scholarship	-			-
Gloria McGlone Scholarship	500	575	(500)	575
KEDC Scholarship	1,000	-	(500)	500
Ledford Scholarship	1,000	1,500	(1,000)	1,500
Marv Meredith	7,554	10	-	7,564
Payton Waskey Scholarship	500	-	(500)	-
Pepsi-Cola Scholarship	1,000	1,000	(1,000)	1,000
Principal Scholarship	140	-	-	140
Russell Independent Scholarship	3,962	3,611	(4,336)	3,237
Yearbook Scholarship	500	500	(1,000)	-
	$ 41,121	$ 10,830	$(11,147)	$ 40,804

RUSSELL INDEPENDENT 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 Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures	
U.S. Department of Agriculture						
Passed through Kentucky Department of Education:						
Cash Assistance:						
State Administrative Expense	10.560	7700001-20	-	-	$ 5,008	
Child Nutrition cluster:						
Summer Food Service Program	10.559	7690024-20	-	-	7,006	
Summer Food Service Program	10.559	7690024-21	-	-	64,489	
Summer Food Service Program	10.559	7740023-20	-	-	68,161	
Summer Food Service Program	10.559	7740023-21	-	-	649,452	
					789,108	
Passed through State Department of Agriculture:						
Non-Cash Assistance (Food Distribution)						
National School Lunch Program	10.555	7750002-21	-	-	55,901	
Total child nutrition cluster					845,009	
Total U.S. Department of Agriculture					850,017	
U.S. Department of Education						
Passed through Kentucky Department of Education:						
Title I - Grants to Local Educational Agencies	84.010	3100002-19	-	391,713	18,292	
Title I - Grants to Local Educational Agencies	84.010	3100002-20	-	391,403	372,682	
					390,974	
Special Education Cluster (IDEA):						
Special Education - Grants to States	84.027	3810002-20	-	450,219	450,219	
Special Education - Preschool Grants	84.173	3800002-20	-	18,962	16,790	
Total special education cluster					467,009	
Improving Teacher Quality State Grants	84.367	3230002-19	-	65,396	9,882	
Improving Teacher Quality State Grants	84.367	3230002-20	-	65,313	49,893	
					59,775	
Title IV, Part A	84.424	3420002-18	-	8,452	3,307	
Title IV Safe and Healthy Students	84.424	3420002-19	-	30,087	8,730	
Title IV Effect Use of Technology	84.424	3420002-20	-	6,087	23,598	
					35,635	
COVID-19 ESSER Funds- CARES	84.425D	4000002-20	-	321,682	276,480	*
COVID-19 ESSER Funds- CARES	84.425D	4000003-20	-	2,766	2,766	*
COVID-19 ESSER II Funds - CRRSA - 15%	84.425D	4200002-21	-	196,567	42,998	*
COVID-19 ESSER II Funds - CRRSA - 85%	84.425D	4200002-21	-	1,113,876	486,255	*
COVID-19 GEER Funds - CARES	84.425C	GEER-20	-	55,182	5,254	*
					813,753	
Community Based Work Transition Program	84.002	371G	-	51,477	46,469	
					46,469	
Total U.S. Department of Education					1,813,615	
U.S. Department of Treasury						
Passed through Kentucky Department of Education						
Coronavirus Relief Fund	21.019	CARES-20	-	493,533	493,533	*
Total U.S. Department of Treasury					493,533	
U.S. Department of Defense						
Direct Programs -						
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	-	66,725	66,725	
Total U.S. Department of Defense					66,725	

RUSSELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
U.S. Department of Health and Human Services					
Pass-through State Department for Community Based Services:					
CARES - Child Care Development Fund	93.575	658FC	-	169,740	78,875
CARES - Child Care Development Fund	93.575	658FP	-	9,000	5,117
					83,992
Total U.S. Department of Health and Human Services					83,992
Total Expenditures of Federal Awards			$ -		$ 3,307,882

*Denotes major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Russell Independent School District under the 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 Russell Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had total inventory of $11,759.

NOTE D - INDIRECT COST RATE

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

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Russell Independent School District
Flatwoods, Kentucky

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 11, 2021

KGSG
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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
Russell Independent School District
Flatwoods, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Russell Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. Russell Independent 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Russell Independent 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 School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Russell Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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 Russell Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 Russell Independent 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.

Purpose of this Report

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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 11, 2021

RUSSELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

(A) SUMMARY OF AUDIT RESULTS

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over financial reporting:	
Material weakness(es) identified?	_____ yes __x__ no
Significant deficiency(ies) identified?	_____ yes __x__ none reported
Noncompliance material to the financial statements noted?	_____ yes __x__ no
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	_____ yes __x__ no
Significant deficiency(ies) identified?	_____ yes __x__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes __x__ no

Identification of major federal programs:

COVID-19 - Elementary and Secondary School Emergency Relief Fund (84.425C and 84.425D)

Coronavirus Relief Fund (21.019)

Dollar threshold to distinguish between Type A and Type B Programs:	$ 750,000
The District qualified as a low risk auditee?	__x__ yes _____ no

(B) FINANCIAL STATEMENT FINDINGS

None noted in the current year.

(C) FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the current year.

RUSSELL INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

There were no prior year audit findings.

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Kentucky State Committee for School District Audits
Members of the Board of Education
Russell Independent School District
Flatwoods, Kentucky

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

However, during our audit, we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated November 11, 2021, on the financial statements of the District.

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 11, 2021

RUSSELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

FOR THE YEAR ENDED JUNE 30, 2021

TRANSFER FORMS NOT SIGNED:

Condition: We noted two instances in which activity fund transfer forms at Russell Middle School were not signed by the school principal.

Criteria for Condition: The *Redbook*, updated effective August 1, 2019, requires transfers to be approved by the school principal and documented by signing the transfer form.

Cause of Condition: Oversight.

Effect of Condition: Noncompliance with *Redbook* requirements.

Recommendation for Correction: We recommend that the District implement procedures to ensure that all transfer forms are signed by the school principal as required by the *Redbook*.

Management Response: The District has determined that this was oversight by the school administrative department and the District Finance department. All parties have been reminded of the Redbook requirements. The District does not anticipate this to be a future issue.

DEPOSIT OF GATE RECEIPTS:

Condition: We noted an instance at Russell High School in which gate receipt funds totaling $1,186 for a track meet were not deposited until six days after the event.

Criteria for Condition: The *Redbook*, updated effective August 1, 2019, requires all funds in excess of $100 to be deposited the next business day.

Cause of Condition: Oversight.

Effect of Condition: Noncompliance with *Redbook* requirements.

Recommendation for Correction: We recommend that the District implement procedures to ensure that funds in excess of $100 are deposited the following business day as required by the *Redbook*.

Management Response: The District noted the school bookkeeper was absent due to illness during this time period. The District has reminded the school administration to have additional steps in place to make sure timely deposits are made in case of bookkeeper absence.

<u>Status of Prior Year Management Points</u>

The prior year conditions have been implemented and corrected. M. Sean Horn, Superintendent, is the person responsible for initiation of corrective actions for the above matter, which will be implemented immediately. The corrective action plan is the management response for each condition.

APPENDIX C

Russell Independent School District Finance Corporation School Building Revenue Bonds Series of 2022

Official Terms and Conditions of Sale

OFFICIAL
TERMS AND CONDITIONS OF BOND SALE

$490,000*
Russell Independent School District Finance Corporation School Building Revenue Bonds, Series of 2022
Dated October 6, 2022

SALE: September 15, 2022 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Russell Independent School District Finance Corporation ("Corporation") will until September 15, 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 Road, Carriage House, Frankfort, Kentucky, 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 $50,000.

RUSSELL INDEPENDENT SCHOOL DISTRICT FINANCE 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 of Education of the Russell, Kentucky Independent 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 162.290, 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 Russell High School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2023; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the school building(s) which constitute the Project (the "Parity Bonds").

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

The rental of the school building Project 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 is leased to the Board for the initial period ending June 30, 2023, 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, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 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 to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

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 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 October 6, 2022, payable on April 1, 2023, and semi-annually thereafter and shall mature as to principal on October 1 in each of the years as follows:

Year	Amount*	Year	Amount*
2023	$ 5,000	2033	$25,000
2024	5,000	2034	30,000
2025	5,000	2035	30,000
2026	5,000	2036	30,000
2027	20,000	2037	30,000
2028	25,000	2038	35,000
2029	25,000	2039	35,000
2030	25,000	2040	35,000
2031	25,000	2041	35,000
2032	25,000	2042	40,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $50,000 which may be applied in any or all maturities.

The Bonds maturing on or after October 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 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 April 1 and October 1 of each year, beginning April 1, 2023 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

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

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

(C) The minimum bid shall be not less than $480,200 (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 Bonds shall be made on the basis of all bids submitted for exactly $490,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by $50,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $440,000 or a maximum of $540,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. 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 $490,000 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 as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 15, 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 October 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 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 <u>shall</u> 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 <u>may</u> levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

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

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

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.

The General Assembly recently adopted a budget for the biennial period ending June 30, 2024 which was approved and signed by the Governor. Such budget became effective beginning July 1, 2022. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income of certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. 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 principal amount of Bonds being offered not exceeding $1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

Financial information regarding the Board may be obtained from Superintendent, Russell Independent Board of Education, 908 Powell Lane, Flatwoods, Kentucky 41139, Telephone 606-836-9679.

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 the Federal alternative minimum tax, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(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.

RUSSELL INDEPENDENT SCHOOL
DISTRICT FINANCE CORPORATION

By /s/M. Sean Horne
Secretary

APPENDIX D

Russell Independent School District Finance Corporation School Building Revenue Bonds Series of 2022

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Russell Independent School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on September 15, 2022, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its $490,000 School Building Revenue Bonds, Series of 2022, dated October 6, 2022; maturing October 1, 2023 through 2042 ("Bonds").

We hereby bid for said $490,000* principal amount of Bonds, the total sum of $__________ (not less than $480,200) plus accrued interest from October 6, 2022 payable April 1, 2023 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 October 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2023	$ 5,000	%	2033	$25,000	%
2024	$ 5,000	%	2034	$30,000	%
2025	$ 5,000	%	2035	$30,000	%
2026	$ 5,000	%	2036	$30,000	%
2027	$20,000	%	2037	$30,000	%
2028	$25,000	%	2038	$35,000	%
2029	$25,000	%	2039	$35,000	%
2030	$25,000	%	2040	$35,000	%
2031	$25,000	%	2041	$35,000	%
2032	$25,000	%	2042	$40,000	%

*

*Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $540,000 of Bonds or as little as $440,000 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 as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 15, 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 October 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 October 6, 2022 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

____
Bidder

By ____________________________________
Authorized Officer

____
Address

Total interest cost from October 6, 2022 to final maturity $_______________

Plus discount or less any premium $_______________

Net interest cost (Total interest cost plus discount) $_______________

Average interest rate or cost _______________%

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 Municipal Advisor and Agent for the Russell Independent School District Finance Corporation for $____________amount of Bonds at a price of $_____________as follows:

Year	Amount	Rate	Year	Amount	Rate
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: August 17, 2022

____
RSA Advisors, LLC,
as Agent for Russell Independent School District
Finance Corporation