

DATED OCTOBER 4, 2022

NEW ISSUE

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

RATING
Moody's: " "

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations, interest on the Second 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).

\$700,000*
EMINENCE INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REVENUE BONDS, SECOND SERIES OF 2022

Dated with Delivery: NOVEMBER 2, 2022

Due: as shown below

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

Maturing		Interest Rate	Reoffering Yield	CUSIP	Maturing		Interest Rate	Reoffering Yield	CUSIP
1-Dec	Amount*				1-Dec	Amount*			
6/1/2023	\$55,000	%	%		2034	\$30,000	%	%	
					2035	\$30,000	%	%	
					2036	\$25,000	%	%	
					2037	\$30,000	%	%	
					2038	\$30,000	%	%	
					2039	\$35,000	%	%	
					2040	\$35,000	%	%	
					2041	\$35,000	%	%	
					2042	\$40,000	%	%	
					2043	\$40,000	%	%	
					2044	\$45,000	%	%	
					2045	\$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 Eminence 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 Eminence Independent Board of Education.

The Eminence Independent (Kentucky) School District Finance Corporation will until October 12, 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 \$70,000.**

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.



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.

**EMINENCE INDEPENDENT,
KENTUCKY BOARD OF EDUCATION**

Pamela Morehead-Johnson, Chairperson
Brenda Chism, Member
Jamie Tingle, Member
Danny Fisher, Member
Donna McClamroch, Member

Dr. Buddy Berry, Superintendent/Secretary

**EMINENCE INDEPENDENT SCHOOL
DISTRICT FINANCE CORPORATION**

Pamela Morehead-Johnson, President
Brenda Chism, Member
Jamie Tingle, Member
Danny Fisher, Member
Donna McClamroch, Member

Dr. Buddy Berry, Secretary
Michele Sweeney, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL 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 Eminence Independent School District Finance Corporation School Building Revenue Bonds, Second 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**

\$700,000*

**EMINENCE INDEPENDENT SCHOOL DISTRICT FINANCE
CORPORATION SCHOOL BUILDING REVENUE BONDS,
SECOND 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 Eminence Independent School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Second Series of 2022 (the "Bonds").

The Bonds are being issued to finance Middle/High School athletic improvements (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 Eminence 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 Eminence 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 November 2, 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:

<u>Biennium</u>	<u>Appropriation</u>
1986-88	\$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
<u>2022-24</u>	<u>5,305,300</u>
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	Interest Rate Range	Final Maturity
2005-REF	\$910,000	\$20,000	\$886,566	\$23,434	4.400%	2024
2012	\$820,000	\$440,000	\$0	\$820,000	2.000%	2033
2015	\$7,820,000	\$6,000,000	\$7,003,479	\$816,521	2.000% - 3.250%	2035
2020	\$6,530,000	\$6,435,000	\$6,530,000	\$0	2.500%	2044
2020-REF	\$440,000	\$339,000	\$0	\$440,000	0.850% - 1.200%	2030
2022	\$3,545,000	\$3,545,000	\$84,438	\$3,460,562	3.000% - 4.000%	2047
TOTALS:	\$20,065,000	\$16,779,000	\$14,504,483	\$5,560,517		

AUTHORITY

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

- i) the issuance of approximately \$700,000 of Bonds subject to a permitted adjustment of \$70,000;
- 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 November 2, 2022, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2023, and will mature as to principal on June 1, 2023 and on December 1 thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

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

Redemption

The Bonds maturing on or after December 1, 2031, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after December 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
December 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 November 2, 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 December 1, 2045, 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 Middle/High School athletic improvements (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. 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.

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	----- 2022 Series Revenue Bonds (100% LOCAL) -----			Total Local Bond Payments
		Principal	Interest	Total	
2023	\$797,360	\$55,000	\$16,335	\$71,335	\$868,695
2024	\$865,225	\$15,000	\$25,950	\$40,950	\$906,175
2025	\$864,406	\$20,000	\$25,338	\$45,338	\$909,743
2026	\$863,111	\$20,000	\$24,638	\$44,638	\$907,748
2027	\$866,311	\$20,000	\$23,938	\$43,938	\$910,248
2028	\$863,986	\$20,000	\$23,238	\$43,238	\$907,224
2029	\$866,212	\$20,000	\$22,538	\$42,538	\$908,749
2030	\$862,837	\$25,000	\$21,750	\$46,750	\$909,587
2031	\$865,597	\$20,000	\$20,963	\$40,963	\$906,560
2032	\$865,736	\$20,000	\$20,188	\$40,188	\$905,924
2033	\$864,466	\$25,000	\$19,231	\$44,231	\$908,697
2034	\$863,811	\$25,000	\$18,169	\$43,169	\$906,980
2035	\$863,686	\$30,000	\$17,000	\$47,000	\$910,686
2036	\$861,935	\$30,000	\$15,725	\$45,725	\$907,660
2037	\$866,860	\$25,000	\$14,556	\$39,556	\$906,416
2038	\$866,310	\$30,000	\$13,388	\$43,388	\$909,697
2039	\$865,384	\$30,000	\$12,113	\$42,113	\$907,497
2040	\$864,086	\$35,000	\$10,731	\$45,731	\$909,817
2041	\$862,410	\$35,000	\$9,244	\$44,244	\$906,654
2042	\$865,260	\$35,000	\$7,756	\$42,756	\$908,016
2043	\$864,516	\$40,000	\$6,163	\$46,163	\$910,678
2044	\$865,900	\$40,000	\$4,463	\$44,463	\$910,363
2045	\$863,000	\$45,000	\$2,656	\$47,656	\$910,656
2046	\$867,300	\$40,000	\$850	\$40,850	\$908,150
2047	\$865,300				\$865,300
2048	\$867,000				\$867,000
TOTALS:	\$22,418,004	\$700,000	\$376,917	\$1,076,917	\$23,494,920

Note: Numbers are rounded to the nearest \$1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	<u>\$700,000.00</u>
Total Sources:	\$700,000.00
Uses:	
Deposit to Construction Fund	\$670,600.00
Underwriter's Discount (2%)	\$14,000.00
Cost of Issuance	<u>\$15,400.00</u>
Total Uses:	\$700,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	455.4	2011-12	591.0
2001-02	439.7	2012-13	587.4
2002-03	441.1	2013-14	664.6
2003-04	479.8	2014-15	751.2
2004-05	535.2	2015-16	766.1
2005-06	556.6	2016-17	812.5
2006-07	567.6	2017-18	877.5
2007-08	610.6	2018-19	877.8
2008-09	586.6	2019-20	918.0
2009-10	591.1	2020-21	811.2
2010-11	584.7	2021-22	831.8

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

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
2000-01	45,540.0	2011-12	59,096.3
2001-02	43,970.0	2012-13	58,741.6
2002-03	44,110.0	2013-14	66,464.0
2003-04	47,980.0	2014-15	75,118.3
2004-05	53,520.0	2015-16	76,610.0
2005-06	55,660.0	2016-17	81,250.0
2006-07	56,760.0	2017-18	87,750.0
2007-08	61,060.0	2018-19	87,776.4
2008-09	58,662.0	2019-20	91,800.0
2009-10	59,213.4	2020-21	81,123.6
2010-11	58,469.6	2021-22	83,177.4

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 (\$.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

<u>Tax Year</u>	<u>Combined Equivalent Rate</u>	<u>Total Property Assessment</u>	<u>Property Revenue Collections</u>
2000-01	63.3	109,099,449	639,323
2001-02	58.6	104,432,454	661,057
2002-03	61	116,361,504	681,878
2003-04	61	122,253,989	745,749
2004-05	59.9	125,561,627	765,926
2005-06	61.1	130,299,953	780,497
2006-07	67.4	131,328,934	802,420
2007-08	61.1	141,582,937	954,269
2008-09	64.9	147,019,116	898,287
2009-10	64.9	152,224,558	987,937
2010-11	64.3	154,206,870	1,000,803
2011-12	70	157,844,670	1,014,941
2012-13	73.9	152,112,352	1,064,786
2013-14	73.9	158,114,020	1,168,463
2014-15	84.2	161,004,315	1,355,656
2015-16	90.1	159,197,248	1,434,367
2016-17	89.4	164,931,934	1,474,491
2017-18	90.7	171,514,499	1,555,637
2018-19	89.3	176,268,003	1,574,073
2019-20	88.5	177,832,033	1,573,813
2020-21	80.7	181,796,892	1,467,101
2021-22	96.2	190,239,565	1,830,105

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Eminence 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.

<u>Issuer</u>	<u>Original Principal Amount</u>	<u>Amount of Bonds Redeemed</u>	<u>Current Principal Outstanding</u>
County of Henry			
General Obligation	135,000	0	135,000
Multiple Purposes Revenue	16,075,000	1,080,000	14,995,000
City of Campbellsburg			
General Obligation	655,000	45,000	610,000
Sewer Revenue	1,155,000	210,000	945,000
City of Eminence			
Water & Sewer Revenue	500,000	238,200	261,800
City of New Castle			
General Obligation	115,000	71,250	43,750
Water & Sewer Revenue	1,245,000	710,400	534,600
Improvement Project Revenue	90,000	17,400	72,600

City of Pleasureville			
General Obligation	50,000	22,500	27,500
Sewer Revenue	674,000	281,500	392,500
City Hall Public Corp.	235,000	202,000	33,000
Special Districts			
Henry County Extension District	500,000	466,560	33,440
Henry County Library Taxing District	4,540,000	302,667	4,237,333
Henry County Water District #2	8,641,000	4,489,000	4,152,000
<hr/>			
Totals:	34,610,000	8,136,477	26,473,523

SEEK ALLOTMENT

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

	<u>Base Funding</u>	<u>Local Tax Effort</u>	<u>Total State & Local Funding</u>
2021-22 SEEK	4,211,717	1,830,105	6,041,822
2020-21 SEEK	3,866,026	1,467,101	5,333,127
2019-20 SEEK	4,481,294	1,573,813	6,055,107
2018-19 SEEK	4,448,519	1,574,073	6,022,592
2017-18 SEEK	4,366,804	1,555,637	5,922,441
2016-17 SEEK	4,038,684	1,474,491	5,513,175
2015-16 SEEK	3,781,070	1,434,367	5,215,437
2014-15 SEEK	3,545,086	1,355,656	4,900,742
2013-14 SEEK	3,092,449	1,168,463	4,260,912
2012-13 SEEK	2,695,396	1,124,110	3,819,506
2011-12 SEEK	2,684,391	1,104,913	3,789,304
2010-11 SEEK	2,520,706	991,550	3,512,256
2009-10 SEEK	2,560,456	987,937	3,548,393
2008-09 SEEK	2,863,493	954,154	3,817,647
2007-08 SEEK	2,907,075	865,072	3,722,147
2006-07 SEEK	2,516,190	885,157	3,401,347
2005-06 SEEK	2,339,513	796,133	3,135,646
2004-05 SEEK	2,099,588	752,114	2,851,702
2003-04 SEEK	1,988,212	745,749	2,734,031
2002-03 SEEK	1,816,461	709,805	2,526,266
2001-02 SEEK	1,722,683	611,974	2,334,657
2000-01 SEEK	1,713,515	690,600	2,404,115

- (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 \$0.962 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, Eminence Independent Board of Education, 219 W. Broadway, PO Box 146, Eminence, Kentucky 40019 Telephone (606) 845-4788.

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 Second 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 excludable from gross income for federal income tax purposes.

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

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

COVID-19

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States and the Commonwealth of Kentucky, has been declared a Pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic.

While the collection of property taxes, which are a significant source of building fund revenue for the payment of principal and interest due on the bonds (see "LOCAL SUPPORT" herein) may be impacted by the COVID-19 emergency, the District does not expect the impact to be significant unless the economic hardship is long term. In addition, the Commonwealth of Kentucky revenues are also likely to be impacted by a long-term economic hardship caused by declining collections of sales taxes, wage taxes, income taxes, property taxes and other revenue sources. The impact of those declining revenue collections on state education funds (see "STATE SUPPORT" herein) is unknown. Although the potential impact of the virus on the Commonwealth and the Board of Education's future ability to make payments under the Lease cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Board of Education and ultimately, the Corporation.

On March 24, 2020 the Governor of Kentucky signed Senate Bill 177 which provides relief to Kentucky School Districts in light of the Coronavirus emergency. Among other things, it removes the limits on the number of days that a district can utilize an approved Non-Traditional Instruction program ("NTI"). Senate Bill 177 also authorizes Kentucky Superintendents to use their school year 2018-2019 attendance data on their Superintendent's Annual Attendance Report. The report determines a district's average daily attendance used in calculating Support Education Excellence in Kentucky ("SEEK") funds. On Friday, Dec. 18, 2020, Gov. Andy Beshear issued Executive Order No. 2020-1041 (EO 2020-1041), which outlines requirements and recommendations for the reopening of schools in January 2021. For more information on the Kentucky Department of Education's response to COVID 19, please see their website at <https://education.ky.gov/comm/Pages/COVID-19-Updates.aspx>.

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

MUNICIPAL 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 Eminence 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 Eminence 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 Eminence 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

Eminence Independent School District Finance Corporation School Building Revenue Bonds Second Series of 2022

Demographic and Economic Data

HENRY COUNTY, KENTUCKY

Henry County, located in north-central Kentucky in the Outer Blue Grass Region, has a land area of 289 square miles. The Kentucky River forms the eastern boundary of the county. Henry County had an estimated 2021 population of 15,624 persons.

Eminence, the largest city in Henry County, had an estimated 2021 population of 2,652. Eminence is located 69 miles northwest of Lexington, Kentucky; 38 miles northeast of Louisville, Kentucky; and 65 miles southwest of Cincinnati, Ohio.

New Castle, the county seat, had an estimated 2021 population of 877.

The Economic Framework

In 2021, Henry County had a labor force of 7,249 people, with an unemployment rate of 3.0%. The top 5 jobs by occupation are as follows: sales - 446 (13.73%); office and administrative support - 384 (11.82%); executive, managers, and administrators - 283 (8.71); education, training/library - 262 (8.07%); and production workers - 251 (7.73%).

Transportation

Major AAA-rated trucking highways serving Henry County include Interstate 71, U.S. Highway 421, and Kentucky Route 55. Other AAA-rated highways serving the county include Kentucky Routes 22, 146, 322, and 561. Twenty-one trucking companies provide interstate and/or intrastate service to Henry County. CSX Transportation provides main line rail service to Campbellsburg. The Capital City Airport in Frankfort, 29 miles southeast of Eminence, maintains a 5,000-foot paved runway. The nearest scheduled commercial airline service is available at the Louisville International Airport, 42 miles southwest of Eminence.

Power and Fuel

Electric power is provided to Henry County by the LG&E Energy Corp. and by the East Kentucky Power Cooperative. LG&E Energy Corp. supplies natural gas service to the county.

Education

Primary and secondary education is provided by the Eminence Independent School System and the Henry County School System. Eighteen colleges and universities are located within 60 miles of Eminence. The nearest area technology centers (ATC) providing secondary education are Shelby County Area Technology Center in Shelbyville; Oldham County Area Technology Center in Buckner; and Carroll County ATC in Carrollton. The nearest technical colleges providing post-secondary education are the Central Kentucky Technical College Anderson Campus in Lawrenceburg and the Jefferson Technical College in Louisville.

LOCAL GOVERNMENT

Structure

Campbellsburg, Eminence, New Castle, and Pleasureville are each governed by a mayor-city council form of government. Henry County is served by a county judge/executive.

Planning and Zoning

Joint agency - Henry County Planning & Zoning Commission
Participating cities - Campbellsburg, Eminence, New Castle, Pleasureville, and Smithfield
Zoning enforced - All areas within Henry County
Subdivision regulations enforced - All areas within Henry County
Local codes enforced - Building and Housing
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The City of Campbellsburg levies business license fees ranging from \$15 to \$50 and an eight percent insurance premium tax. The City of New Castle levies a \$35 business license fee.

The City of Eminence levies an occupational license tax of 0.75 percent on all wages, commissions, and salaries of individuals employed within the city and on net profits of businesses. The minimum annual tax is \$50 and a maximum annual tax of \$3,000 on net profits.

Property Taxes

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

Special local taxing jurisdictions (fire protection districts, watershed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value.

LABOR MARKET STATISTICS

The Henry County Labor Market Area includes Henry County and the adjoining Kentucky counties of Carroll, Franklin, Gallatin, Jefferson, Oldham, Owen, Shelby, Trimble and the Indiana counties of Jefferson and Floyd.

POPULATION

<u>Area</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Henry County	16,094	16,092	16,228
Eminence	2,561	2,561	2,584
New Castle	937	941	947

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

POPULATION PROJECTIONS

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Henry County	15,514	15,360	15,081

Source: University of Louisville, Kentucky State Data Center.

EDUCATION

Public Schools

	Henry County	Eminence Independent
Total Enrollment (2020-2021)	1,967	892
Pupil to Teacher Ratio (2020-2021)	15 - 1	15 - 1

Vocational-Technical Training

Customized Training

The Kentucky Tech system, through its Training and Development Coordinators, will provide technical assistance and will identify and develop low-cost customized training programs and services for both established and prospective businesses. Businesses wanting to establish a customized training program should contact a Training and Development Coordinator located at the Jefferson State Regional Technology Center.

Assessment Services

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

Adult Education Services

Adult education programs are available to adults who want to develop new skills, improve basic skills, or earn a high school equivalency diploma. In Henry County, adult basic education and adult literacy programs are administered through the Henry County Board of Education.

Bluegrass State Skills Corporation

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

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

Area Technical Schools

<u>Institution</u>	<u>Location</u>	<u>Enrollment (2019-2020)</u>
Shelby County ATC	Shelbyville, KY	598
Carroll County ATC	Carrollton, KY	464
Bullitt County ATC	Shepherdsville, KY	498
Nelson County ATC	Bardstown, KY	604
Trailblazer Academy	Harrodsburg, KY	391
Harrison County ATC	Cynthiana, KY	478
Boone County ATC	Hebron, KY	215
Marion County ATC	Lebanon, KY	574
Kenton County Academies of of Innovation and Technology	Fort Mitchell, KY	508
Campbell County ATC	Alexandria, KY	382
Clark County ATC	Winchester, KY	664
Meade County ATC	Brandenburg, KY	581

Area Colleges and Universities

<u>Institution</u>	<u>Location</u>	<u>Enrollment (Fall 2020)</u>
Kentucky State University	Frankfort, KY	2,171
Midway University	Midway, KY	1,702
Bellarmino University	Louisville, KY	3,331
Galen College of Nursing	Louisville, KY	2,126
Sullivan University	Louisville, KY	3,331
University of Louisville	Louisville, KY	21,670
Asbury University	Wilmore, KY	1,930
Transylvania University	Lexington, KY	949
University of Kentucky	Lexington, KY	29,402
Centre College	Danville, KY	1,411
Thomas More College	Crestview Hills, KY	2,238

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Total Employed</u>
<u>Campbellsburg</u>		
Arvin Sango, Inc.	Automotive exhaust systems	58
Victory Hemp Foods LLC	Manufactures products made from hemp	3
<u>Eminence</u>		
Eminence Speaker LLC	Loudspeakers & woofers	100
Hussey Copper	Copper products	200
Hussey Fabrication Products	Copper and aluminum parts fabrication	76
Steel Technologies, Inc.	Steel rolling, annealing & sitting	110
<u>Smithfield</u>		
Safety-Kleen Systems Inc.	Industrial waste management	28

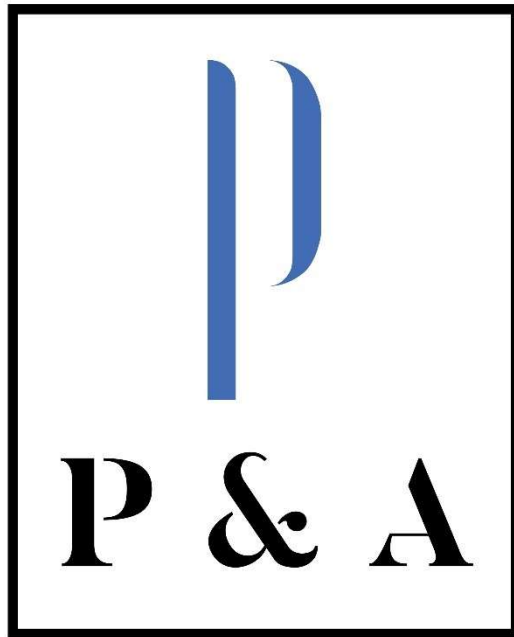
Source: Kentucky Cabinet for Economic Development (01/20/2020)

APPENDIX B

**Eminence Independent School District Finance
Corporation School Building Revenue Bonds
Second Series of 2022**

Audited Financial Statement ending June 30, 2021

**EMINENCE INDEPENDENT SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021**



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive

Winchester, KY 40391

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

Kentucky State Committee for School District Audits
Board of Education of the Eminence Independent School District
Eminence, KY

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eminence Independent School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Eminence Independent School District's basic financial statements in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eminence 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.

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the Eminence 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 Eminence Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eminence Independent School District's internal control over financial reporting and compliance.

Tammy R. Patrick, CPA

Tammy R. Patrick, CPA

Patrick & Associates, LLC

December 10, 2021

**Eminence Independent School District
Management Discussion and Analysis
June 30, 2021**

This section of Eminence Independent School District's (District) annual financial report presents management's narrative overview (discussion and analysis) of the District's financial performance during the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

Financial Highlights

- In the government-wide statements, the assets and deferred outflows of the District exceeded the liabilities and deferred inflows on June 30, 2021 by \$1,924,044. Of this amount, \$5,717,174 represents the District's investment in capital assets net of related debt, \$659,260 is restricted, and the remainder is an unrestricted net deficit of \$4,452,390.
- The District's ending net position decreased by \$410,159, primarily due to changes in the net pension liability.
- The District's governmental funds report a combined ending fund balance of \$1,932,711, a decrease of \$5,712,504. Approximately 37 percent of this total amount, \$714,848 is restricted for facility needs and approximately 2 percent, \$34,496 is committed, and approximately 61 percent, \$1,183,367 is available for the District's operating needs.

Overview of the Financial Statements

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

Government-wide financial statements.

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

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

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

The government-wide financial statements begin on page 12 of this report.

**Eminence Independent School District
Management Discussion and Analysis (continued)
June 30, 2021**

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on page 23 of this report.

Other information

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

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

**Eminence Independent School District
Management Discussion and Analysis (continued)
June 30, 2021**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,932,553 for governmental activities and liabilities and deferred inflows exceeded assets and deferred outflows by \$8,509 for business-type activities at the close of the most recent fiscal year.

Eminence Independent School District Comparative Statement of Net Position

	Governmental Activities		Business-type Activities	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Assets				
Current and other assets	\$ 2,281,259	\$ 7,707,499	\$ 120,759	\$ 124,800
Net capital assets	19,885,121	14,212,172	47,079	58,447
Total assets	<u>22,166,380</u>	<u>21,919,671</u>	<u>167,838</u>	<u>183,247</u>
Deferred Outflows of Resources				
Deferred pension differences and made after measurement date	1,920,963	1,862,968	60,670	70,725
Deferred saving from refunding bonds	2,479	-	-	-
Total deferred outflows of resources	<u>1,923,442</u>	<u>1,862,968</u>	<u>60,670</u>	<u>70,725</u>
Liabilities				
Current liabilities	979,651	667,518	-	-
Non-current liabilities:				
Debt service due in more than one year	13,672,939	14,095,704	-	-
Net pension liability	3,720,969	3,284,031	117,518	124,674
Other post-employment benefits liability	2,799,792	2,636,868	88,425	100,106
Total liabilities	<u>21,173,351</u>	<u>20,684,121</u>	<u>205,943</u>	<u>224,780</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	68,179	129,857	2,153	4,930
Deferred inflows of resources - OPEB	915,739	727,471	28,921	27,618
Total deferred inflows of resources	<u>983,918</u>	<u>857,328</u>	<u>31,074</u>	<u>32,548</u>
Total liabilities	<u>\$ 22,157,269</u>	<u>\$ 21,541,449</u>	<u>\$ 237,017</u>	<u>\$ 257,328</u>
Net position				
Net Investment in Capital Assets	\$ 5,670,095	\$ (52,614)	\$ 47,079	\$ 58,447
Restricted	596,231	5,818,100	-	-
Other	118,617	98,987	(55,588)	(64,421)
Unrestricted	(4,452,390)	(3,524,296)	-	-
Total net position	<u>\$ 1,932,553</u>	<u>\$ 2,340,177</u>	<u>\$ (8,509)</u>	<u>\$ (5,974)</u>

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

**Eminence Independent School District
Management Discussion and Analysis (continued)
June 30, 2021**

There were increases in the deferred outflows of resources by \$50,419, an increase in the net pension liability by \$429,782, an increase in the other post-employment benefit liability of \$151,243, and increase of \$125,116 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

Changes in net position. The District's net position decreased by \$410,159 from the prior fiscal year.

Eminence Independent School District Comparative Statement of Activities

	June 30, 2021	June 30, 2020	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 39,393	\$ 89,132	\$ (49,739)
Operating grants and contributions	3,984,593	1,086,655	2,897,938
Capital grants and contributions	810,522	679,596	130,926
General revenues			
Property taxes	1,308,852	1,208,938	99,914
Motor vehicle taxes	127,989	129,550	(1,561)
Franchise taxes	3,062	36,125	(33,063)
Utility taxes	213,310	209,740	3,570
State and federal grants	4,013,842	7,150,586	(3,136,744)
Student activities	172,736	-	172,736
Other local revenue	491,251	611,798	(120,547)
Gain on disposal of assets	22,337	-	22,337
Unrestricted investment earnings	80,848	49,522	31,326
Total revenues	<u>11,268,735</u>	<u>11,251,642</u>	<u>17,093</u>
Expenses			
Instruction	7,627,702	7,670,068	(42,366)
Support services	1,955,996	1,723,866	232,130
Plant operations and maintenance	921,855	760,108	161,747
Student transportation	397,489	137,156	260,333
Day care	69,417	-	69,417
Community Services Operations	95,023	92,587	2,436
Building acquisitions/construction	(257,969)	124,253	(382,222)
Other non-instructional services	16,543	-	16,543
Debt Service	110,680	244,526	(133,846)
Depreciation	288,024	285,719	2,305
Food service operations	444,939	546,404	(101,465)
Daycare operations	9,195	54,333	(45,138)
Total	<u>11,678,894</u>	<u>11,639,020</u>	<u>39,874</u>
Change in net position	(410,159)	(387,378)	(22,781)
Net position - beginning (restated)	2,334,203	2,721,581	(387,378)
Net position - ending	<u>\$ 1,924,044</u>	<u>\$ 2,334,203</u>	<u>\$ (410,159)</u>

Total revenues increased by \$17,093 and expenses increased by \$39,874.

**Eminence Independent School District
Management Discussion and Analysis (continued)
June 30, 2021**

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

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS

MASTERY MODEL OF COLLEGE AND CAREER READINESS

- Systemic ICE (Interventions, Connections, and Enrichments)
- Standards Based Reporting and Grading with comprehensive systems of competencies
- Exemplars of Eminence Excellence which define an Eminence Degree from K-12
- Defense Panels for Graduation (5, 8, 12)
- BE Ready (Early College Bellarmine Experience)
- Early College Classes offered at Eminence High School
- Personalized Progressions for students per level of Mastery, Interests, Learning Style, etc.
- Embedded Industrial Certificate Opportunity for all students into their Core Classes
- Purchased hotspots to improve virtual learning opportunities for students.
- Purchased virtual curriculum for Elementary Virtual students

STUDENT AGENCY

- VOICE (Vision Of Innovative Classroom Excellence Teams (Teacher and Student)
- District Wide Student and Teacher Passion Projects
- Student D.N.A. (Digital Narrative Albums) Cloud-Based Rich Data Model
- Student Voice Surveys, Student Designed Courses, Student Led Course, Student Led PD, etc.
- SPARC Teams (Student Parent Advisor Readiness Councils) Success Teams
- Interest Based Lessons aligned to students SPARC, Career Interests, Hobbies, Skills, etc.
- Tens of Thousands of Dollars raised for Philanthropy and 1000s of hours annually (K-12)
- Expansive Robotics Programming
- Continues funding advanced security and screening

NEXT GENERATION SKILLS

- ACES (1:1 Initiative) Every Student Receives a Device
- Student Performance Based Assessments
- Next Generation Skills Continuum for Grades K-12
- Design Thinking employed at all Grades (Harvard D-School Framework); 3D Printing, Coding, etc.
- Students master 100s of Web 2.0 Tools while creating a portfolio of their evidence of mastery
- Modeling Strategies - Teachers in PD and All Meetings
- Personalized PD for Teachers - State's 1st Wifi Bus

**Eminence Independent School District
Management Discussion and Analysis (continued)
June 30, 2021**

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS (Continued)

NEXT GENERATION SKILLS (Continued)

- Flipped Classrooms / Blended Learning / Personalized-Adaptive Math & ELA Lessons (K-12)
- District-Wide Learning Management System / State Provided Student Information System
- Increased Micro-Credentialing of students and staff
- Renovated entire curriculum to virtual learning format

BUILDING IMPROVEMENTS

- Improved Energy Efficiency through Retrofitting Lighting, etc.
- Building Upgrades and Improvements
- Renovated concession stands
- Increased outdoor security lighting
- Improved football seating
- Built and opened new gymnasium
- Purchased a new bus
- Began planning the renovation of M/H HVAC, old library renovation, and outdoor athletic complex improvements

Governmental Activities

The majority of revenue was derived from state and federal making up 78% of the total revenue, and local taxes making up 15% of total revenue with the other 7% being derived mainly from student activities, investment earnings and other local revenues. Instruction makes up 41% of total Governmental Fund Expenditures. The other major Governmental Fund Expenditures are: Central Support 13%, Plant Operations and Maintenance 5%, Student Transportation 2%, Community Services Operations 1%, Building Acquisition and Construction 32%, and Debt Service 6%.

Overall Governmental Fund Type balances decreased by \$5,712,504, which can mainly be attributed to completion of the building improvement projects.

Business -Type Activities

The business-type activities are food service and daycare services. These programs had revenues of \$465,800 and expenses of \$468,335 for the fiscal year 2021. Of the revenues, \$32,965 related to charges for services, \$417,816 was from State and Federal Grants, and \$818 was from investment earnings. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities.

Overall Business-Type Activities net position decreased by \$2,535.

**Eminence Independent School District
Management Discussion and Analysis (continued)
June 30, 2021**

General Fund Budget Highlights

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

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$7,808,570, with actual amounts totaling \$7,691,183. Budgeted expenditures were \$9,470,034 compared to actual expenditures of \$8,393,767.

Capital Assets

At the end of the fiscal year 2021, the District had \$24,518,734 invested in capital assets, \$24,355,473 is in governmental activities. For the fiscal year, capital asset increases totaled \$5,971,942, retirements totaled \$25,528, and depreciation expense totaled \$5,706,652. At June 30, 2020, the district had \$18,572,320 invested in capital assets, \$18,409,059 is in governmental activities. See the detailed table in the notes to the financial statements.

Debt

At June 30, 2021, the District had \$13,832,000 in bonds outstanding, of this amount \$1,567,377 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$517,000 is due within one year. At June 30, 2020, the District had \$14,264,786 in bonds outstanding. This represents a decrease of \$432,786 from the prior year.

At June 30, 2021, the District also had \$383,026 in capital leases outstanding. A total of \$59,583 is due within one year. At June 30, 2020, the District had \$311,661 in capital leases outstanding. This represents a increase of \$71,365 from the prior year.

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

Request for Information

This financial report is designed to provide a general overview of the Eminence Independent School District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to michele.sweeney@eminence.kyschools.us.

Basic Financial Statements

EMINENCE INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,053,450	\$ 112,248	\$ 2,165,698
Receivables			
Taxes - current	21,438	-	21,438
Accounts	11,443	2,517	13,960
Intergovernmental - state	131,238	-	131,238
Intergovernmental - federal	63,690	-	63,690
Inventory	-	5,994	5,994
Total capital assets, net of depreciation	<u>19,885,121</u>	<u>47,079</u>	<u>19,932,200</u>
Total assets	<u>22,166,380</u>	<u>167,838</u>	<u>22,334,218</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	796,530	25,157	821,687
Deferred outflows - OPEB contributions	1,124,433	35,513	1,159,946
Deferred saving from refunding bonds	2,479	-	2,479
Total deferred outflows of resources	<u>1,923,442</u>	<u>60,670</u>	<u>1,984,112</u>
Total assets and deferred outflows of resources	<u>24,089,822</u>	<u>228,508</u>	<u>24,318,330</u>
LIABILITIES			
Accounts payable and accrued expenses	53,093	-	53,093
Accrued interest payable	33,315	-	33,315
Unearned revenue	295,455	-	295,455
Long term liabilities:			
Due within one year			
Bond obligations	517,000	-	517,000
Capital lease	59,583	-	59,583
Sick leave	21,205	-	21,205
Due beyond one year			
Bond obligations	13,315,000	-	13,315,000
Capital lease	323,443	-	323,443
Sick leave	34,496	-	34,496
Net pension liability	3,720,969	117,518	3,838,487
Net OPEB liability	2,799,792	88,425	2,888,217
Total liabilities	<u>21,173,351</u>	<u>205,943</u>	<u>21,379,294</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	68,179	2,153	70,332
Deferred inflows of resources - OPEB	915,739	28,921	944,660
Total deferred inflows of resources	<u>983,918</u>	<u>31,074</u>	<u>1,014,992</u>
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>22,157,269</u>	<u>237,017</u>	<u>22,394,286</u>
NET POSITION			
Net Investment in Capital Assets net of related debt	5,670,095	47,079	5,717,174
Restricted			
Capital projects	596,231	-	596,231
Other	118,617	(55,588)	63,029
Unrestricted	(4,452,390)	-	(4,452,390)
Total net position	<u>\$ 1,932,553</u>	<u>\$ (8,509)</u>	<u>\$ 1,924,044</u>

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instructional	\$ 7,627,702	\$ 6,428	\$ 2,314,611	\$ -	\$ (5,306,663)	\$ -	\$ (5,306,663)
Support Services							
Student	235,332	-	234,026	-	(1,306)	-	(1,306)
Instructional Staff	494,787	-	172,440	-	(322,347)	-	(322,347)
District Administration	683,043	-	221,708	-	(461,335)	-	(461,335)
School Administration	570,918	-	197,074	-	(373,844)	-	(373,844)
Business	259,940	-	86,220	-	(173,720)	-	(173,720)
Plant operations and maintenance	921,855	-	320,246	-	(601,609)	-	(601,609)
Student Transportation	397,489	-	20,452	-	(377,037)	-	(377,037)
Day care	69,417	-	-	-	(69,417)	-	(69,417)
Community Services Operations	95,023	-	-	-	(95,023)	-	(95,023)
Building acquisitions/construction	(257,969)	-	-	-	257,969	-	257,969
Other non-instructional services	16,543	-	-	-	(16,543)	-	(16,543)
Debt Service	110,680	-	-	810,522	699,842	-	699,842
Total governmental activities	<u>11,224,760</u>	<u>6,428</u>	<u>3,566,777</u>	<u>810,522</u>	<u>(6,841,033)</u>	<u>-</u>	<u>(6,841,033)</u>
Business-type activities:							
Food service operations	444,939	12,244	417,816	-	-	(14,879)	(14,879)
Daycare operations	9,195	20,721	-	-	-	11,526	11,526
Depreciation	-	-	-	-	-	-	-
Total business-type activities	<u>454,134</u>	<u>32,965</u>	<u>417,816</u>	<u>-</u>	<u>-</u>	<u>(3,353)</u>	<u>(3,353)</u>
Total primary government	<u>\$ 11,678,894</u>	<u>\$ 39,393</u>	<u>\$ 3,984,593</u>	<u>\$ 810,522</u>	<u>\$ (6,841,033)</u>	<u>\$ (3,353)</u>	<u>\$ (6,844,386)</u>
General revenues							
Taxes:							
Property taxes					\$ 1,308,852	\$ -	\$ 1,308,852
Motor vehicle taxes					127,989	-	127,989
Franchise taxes					3,062	-	3,062
Utility taxes					213,310	-	213,310
State formula grants					4,013,842	-	4,013,842
Student activities					172,736	-	172,736
Other local revenue					491,251	-	491,251
Gain on disposal of assets					22,337	-	22,337
Unrestricted investment earnings					80,030	818	80,848
Total general revenues and transfers					<u>6,433,409</u>	<u>818</u>	<u>6,434,227</u>
Change in net position					(407,624)	(2,535)	(410,159)
Net position - beginning (restated)					2,340,177	(5,974)	2,334,203
Net position - ending					<u>\$ 1,932,553</u>	<u>\$ (8,509)</u>	<u>\$ 1,924,044</u>

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

EMINENCE INDEPENDENT SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Construction Fund	Total Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,260,624	\$ 65,535	\$ 519,303	\$ 207,988	\$ 2,053,450
Receivables					
Taxes-current	21,438	-	-	-	21,438
Accounts	10,099	1,344	-	-	11,443
Intergovernmental - state	-	131,238	-	-	131,238
Intergovernmental - federal	-	63,690	-	-	63,690
Total assets	<u>1,292,161</u>	<u>261,807</u>	<u>519,303</u>	<u>207,988</u>	<u>2,281,259</u>
LIABILITIES					
Accounts payable	53,093	-	-	-	53,093
Unearned revenue	-	261,807	-	33,648	295,455
Total liabilities	<u>53,093</u>	<u>261,807</u>	<u>-</u>	<u>33,648</u>	<u>348,548</u>
FUND BALANCE					
Restricted	21,205	-	519,303	174,340	714,848
Committed	34,496	-	-	-	34,496
Unassigned	1,183,367	-	-	-	1,183,367
Total fund balance	<u>1,239,068</u>	<u>-</u>	<u>519,303</u>	<u>174,340</u>	<u>1,932,711</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,292,161</u>	<u>\$ 261,807</u>	<u>\$ 519,303</u>	<u>\$ 207,988</u>	<u>\$ 2,281,259</u>

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

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

Total Fund Balances - Governmental Funds	\$ 1,932,711
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	19,885,121
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions subsequent to measurement date	796,530
OPEB contributions subsequent to measurement date	1,124,433
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(3,720,969)
Net OPEB liability	(2,799,792)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan investment differences	(68,179)
OPEB plan investment differences	(915,739)
Certain liability (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(13,832,000)
Capital lease payable	(383,026)
Accrued interest	(33,315)
Accrued sick leave	(55,701)
Deferred loss on refunding	2,479
Net position of governmental activities	\$ 1,932,553

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

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

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Funds	Total Governmental Funds
Revenues					
From Local Sources					
Taxes					
Property	\$ 1,127,056	\$ -	\$ -	\$ 181,796	\$ 1,308,852
Motor vehicle	127,989	-	-	-	127,989
Franchise	3,062	-	-	-	3,062
Utilities	213,310	-	-	-	213,310
Earnings on investments	19,270	348	58,845	1,567	80,030
Student activities	-	-	-	172,736	172,736
Other local revenue	74,103	413,148	-	4,000	491,251
Intergovernmental - state	6,119,965	526,435	-	823,780	7,470,180
Intergovernmental - federal	6,428	920,961	-	-	927,389
Total revenues	<u>7,691,183</u>	<u>1,860,892</u>	<u>58,845</u>	<u>1,183,879</u>	<u>10,794,799</u>
EXPENDITURES					
Instruction	5,638,303	1,034,622	-	145,957	6,818,882
Support services				-	
Student	204,014	26,245	-	-	230,259
Instructional staff	263,460	228,036	-	3,291	494,787
District Administration	543,838	114,205	-	-	658,043
School Administration	479,808	85,845	-	-	565,653
Business	259,940	-	-	-	259,940
Plant operation and maintenance	609,324	178,487	-	-	787,811
Student Transportation	327,475	11,332	-	6,767	345,574
Day care	-	69,417	-	-	69,417
Community Services Operations	-	95,023	-	-	95,023
Building acquisitions/construction	-	-	5,248,943	-	5,248,943
Other Non-Instructional Services	-	-	-	16,543	16,543
Debt service					
Principal	57,207	-	-	447,786	504,993
Interest	10,398	-	-	535,282	545,680
Total expenditures	<u>8,393,767</u>	<u>1,843,212</u>	<u>5,248,943</u>	<u>1,155,626</u>	<u>16,641,548</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(702,584)	17,680	(5,190,098)	28,253	(5,846,749)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	440,000	440,000
Underwriter's Discount	-	-	-	(6,600)	(6,600)
Transfer to escrow agent	-	-	-	(417,727)	(417,727)
Capital lease proceeds	118,572	-	-	-	118,572
Operating transfers in	113,091	18,525	-	827,081	958,697
Operating transfers (out)	(18,139)	(36,205)	-	(904,353)	(958,697)
Total other financing sources and (uses)	<u>213,524</u>	<u>(17,680)</u>	<u>-</u>	<u>(61,599)</u>	<u>134,245</u>
NET CHANGE IN FUND BALANCE	(489,060)	-	(5,190,098)	(33,346)	(5,712,504)
FUND BALANCE - BEGINNING (Restated)	<u>1,728,128</u>	<u>-</u>	<u>5,709,401</u>	<u>207,686</u>	<u>7,645,215</u>
FUND BALANCE - ENDING	<u>\$ 1,239,068</u>	<u>\$ -</u>	<u>\$ 519,303</u>	<u>\$ 174,340</u>	<u>\$ 1,932,711</u>

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

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

Net change in fund balances - total governmental funds	\$ (5,712,504)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>	
Capital outlays	5,971,942
Depreciation Expense	(276,657)
Gain on disposal of capital asset	22,337
<p>Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred.</p>	
	(144,411)
<p>Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and</p>	
Pension Expense	(606,977)
OPEB Expense	(61,480)
<p>Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>	
Bond proceeds	(440,000)
Bond principal repaid	872,786
Capital lease proceeds	(118,572)
Capital lease principal repaid	47,207
KSBIT repaid	4,254
Sick leave	34,451
Change in net position of governmental	\$ (407,624)

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable
REVENUES				
From Local Sources				
Taxes				
Property	\$ 1,054,000	\$ 1,054,000	\$ 1,127,056	\$ 73,056
Motor vehicle	121,336	121,336	127,989	6,653
Franchise	-	-	3,062	3,062
Utilities	200,000	200,000	213,310	13,310
Earnings on investments	5,000	5,000	19,270	14,270
Other local revenue	71,069	71,069	74,103	3,034
Intergovernmental - state	6,351,165	6,351,165	6,119,965	(231,200)
Intergovernmental - federal	6,000	6,000	6,428	428
Total Revenues	<u>7,808,570</u>	<u>7,808,570</u>	<u>7,691,183</u>	<u>(117,387)</u>
EXPENDITURES				
Instruction	5,847,485	5,845,659	5,638,303	207,356
Support Services				
Student	199,101	200,927	204,014	(3,087)
Instructional Staff	288,094	288,094	263,460	24,634
District Administration	733,982	733,982	543,838	190,144
School Administration	496,969	496,969	479,808	17,161
Business	245,612	245,612	259,940	(14,328)
Plant Operation and Maintenance	945,245	945,245	609,324	335,921
Student Transportation	330,941	330,941	327,475	3,466
Debt Service	67,605	67,605	67,605	-
Contingency	315,000	315,000	-	315,000
Total expenditures	<u>9,470,034</u>	<u>9,470,034</u>	<u>8,393,767</u>	<u>1,076,267</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(1,661,464)	(1,661,464)	(702,584)	(1,193,654)
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	118,572	118,572
Operating transfers in	-	-	113,091	113,091
Operating transfers (out)	(15,000)	(15,000)	(18,139)	(3,139)
Total other financing sources and (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>213,524</u>	<u>228,524</u>
NET CHANGE IN FUND BALANCE	(1,676,464)	(1,676,464)	(489,060)	1,187,404
FUND BALANCE - BEGINNING	<u>1,676,464</u>	<u>1,676,464</u>	<u>1,728,128</u>	<u>51,664</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,239,068</u>	<u>\$ 1,239,068</u>

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable
REVENUES				
From Local Sources				
Earnings on investments	\$ 50	\$ 50	\$ 348	\$ 298
Other local revenue	710,943	506,478	413,148	(93,330)
Intergovernmental - state	350,663	595,688	526,435	(69,253)
Intergovernmental - federal	790,576	1,625,274	920,961	(704,313)
Total Revenues	<u>1,852,232</u>	<u>2,727,490</u>	<u>1,860,892</u>	<u>(866,598)</u>
EXPENDITURES				
Instruction	1,381,157	1,104,462	1,034,622	69,840
Support Services				
Student	45,095	45,095	26,245	18,850
Instructional Staff	327,630	326,535	228,036	98,499
District Administration	-	121,407	114,205	7,202
School Administration	27,500	85,548	85,845	(297)
Plant Operation and Maintenance	-	723,359	178,487	544,872
Student Transportation	2,000	11,804	11,332	472
Day Care	-	200,960	69,417	131,543
Community Services Operations	83,850	123,320	95,023	28,297
Total expenditures	<u>1,867,232</u>	<u>2,742,490</u>	<u>1,843,212</u>	<u>899,278</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(15,000)	(15,000)	17,680	32,680
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,000	15,000	18,525	3,525
Operating transfers (out)	-	-	(36,205)	(36,205)
Total other financing sources and (uses)	<u>15,000</u>	<u>15,000</u>	<u>(17,680)</u>	<u>(32,680)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2021

	Enterprise Funds		
	School Food Service	Day Care Service	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 77,359	\$ 34,889	\$ 112,248
Receivables	2,217	300	2,517
Inventories for consumption	5,994	-	5,994
Total current assets	<u>85,570</u>	<u>35,189</u>	<u>120,759</u>
Noncurrent Assets			
General equipment	161,129	2,132	163,261
Accumulated depreciation	(114,050)	(2,132)	(116,182)
Total noncurrent assets	<u>47,079</u>	<u>-</u>	<u>47,079</u>
Total Assets	<u>132,649</u>	<u>35,189</u>	<u>167,838</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	24,277	880	25,157
Deferred outflows related to OPEB	34,271	1,242	35,513
Total deferred outflows of resources	<u>58,548</u>	<u>2,122</u>	<u>60,670</u>
LIABILITIES			
Current Liabilities			
Accounts payable	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities			
Net pension liability	113,409	4,109	117,518
Net OPEB liability	85,333	3,092	88,425
Total noncurrent liabilities	<u>198,742</u>	<u>7,201</u>	<u>205,943</u>
Total liabilities	<u>198,742</u>	<u>7,201</u>	<u>205,943</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,078	75	2,153
Deferred inflows related to OPEB	27,910	1,011	28,921
Total deferred inflows of resources	<u>29,988</u>	<u>1,086</u>	<u>31,074</u>
NET POSITION			
Net Investment in capital assets	47,079	-	47,079
Restricted	(84,612)	29,024	(55,588)
Total net position	<u>\$ (37,533)</u>	<u>\$ 29,024</u>	<u>\$ (8,509)</u>

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

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

	Enterprise Funds		
	School Food	Day Care	Total
	Service	Service	
OPERATING REVENUES			
Lunchroom sales	\$ 12,244	\$ -	\$ 12,244
Tuition	-	20,721	20,721
Total operating revenues	<u>12,244</u>	<u>20,721</u>	<u>32,965</u>
OPERATING EXPENSES			
Salaries & benefits	203,440	8,983	212,423
Purchased professional services	11,097	70	11,167
Repairs and maintenance	2,292	-	2,292
Other purchased services	825	-	825
Supplies	180,874	450	181,324
Dues, Fees, and miscellaneous	503	-	503
Depreciation	11,367	-	11,367
Total operating expenses	<u>410,398</u>	<u>9,503</u>	<u>419,901</u>
Operating income (loss)	<u>(398,154)</u>	<u>11,218</u>	<u>(386,936)</u>
NONOPERATING REVENUES (EXPENSES)			
Federal grants	344,440	-	344,440
Federal donated commodities	21,079	-	21,079
State grants	5,418	2,392	7,810
State on-behalf payments	44,487	-	44,487
State on-behalf payments	(44,487)	-	(44,487)
Pension expense	(3,829)	(118)	(3,947)
OPEB expense	13,775	426	14,201
Earnings from investments	818	-	818
Total nonoperating revenues (expenses)	<u>381,701</u>	<u>2,700</u>	<u>384,401</u>
Change in net position	(16,453)	13,918	(2,535)
NET POSITION - BEGINNING (restated)	<u>(21,080)</u>	<u>15,106</u>	<u>(5,974)</u>
NET POSITION - ENDING	<u>\$ (37,533)</u>	<u>\$ 29,024</u>	<u>\$ (8,509)</u>

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

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

	Enterprise Funds		
	School Food Service	Day Care Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 12,244	\$ 20,721	\$ 32,965
Payments to suppliers	(174,110)	(820)	(174,930)
Payments to employees	(237,981)	(8,675)	(246,656)
Net cash provided (used) by operating activities	<u>(399,847)</u>	<u>11,226</u>	<u>(388,621)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Operating grants and contributions	381,780	2,084	383,864
Net cash provided (used) by noncapital financing activities	<u>381,780</u>	<u>2,084</u>	<u>383,864</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	-	-	-
Operating transfer to general fund	-	-	-
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	818	-	818
Net cash provided (used) by investing activities	<u>818</u>	<u>-</u>	<u>818</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,249)	13,310	(3,939)
CASH AND CASH EQUIVALENTS - BEGINNING (restated)	94,608	21,579	116,187
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 77,359</u>	<u>\$ 34,889</u>	<u>\$ 112,248</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (398,154)	\$ 11,218	\$ (386,936)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	11,367	-	11,367
Changes in assets and liabilities:			
Receivables	(2,217)	(300)	(2,517)
Inventory	2,619	-	2,619
Pension Expense	(3,829)	(118)	(3,947)
OPEB Expense	13,775	426	14,201
Donated Commodities	21,079	-	21,079
On-behalf payments	(44,487)	-	(44,487)
Net cash provided (used) by operating activities	<u>\$ (399,847)</u>	<u>\$ 11,226</u>	<u>\$ (388,621)</u>
Schedule of non-cash transactions:			
Donated Commodities received from federal government	\$ 21,079		
State on-behalf payments	<u>\$ 44,487</u>		

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Reporting Entity

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

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

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

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

Basis of presentation and accounting

Government-wide

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major Governmental Funds:

General Fund – accounts for the general operating costs for the District and provides supports services to other funds. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use.

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

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

Non-Major Governmental Funds

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

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

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

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

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

Propriety Fund Financial Statements

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Enterprise Funds

School Food 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.

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

Measurement focus and basis of accounting

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

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary information

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

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

Estimates

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

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

Cash and cash equivalents

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

Deposits with Financial Institutions and Investments

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

Prepaid items

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventory

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

Capital assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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

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

Long-term obligations

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred outflows/inflows of resources

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

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

Pension obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Net position flow assumptions

Net position is classified into the following categories:

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net position flow assumptions (Continued)

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

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

Fund balance flow assumptions

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

Fund balance policies

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

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

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

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

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

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Revenue and expenditures/expenses

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

Property taxes – Property taxes are levied each August on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2020 through April 15, 2021.

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

Compensated absences – upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. On June 30, 2021, this amount total \$304,741.

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Violations of legal or contractual provisions

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

Cash deposits and cash equivalents

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

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

At year-end, the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents was \$2,165,698. The bank balance for the same time was \$2,362,407.

Receivables

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

Receivables	General	Special Revenue	School Food Service Fund	Day Care Service Fund	Total
Taxes	\$ 21,438	\$ -	\$ -	\$ -	\$ 21,438
Accounts	10,099	1,344	2,217	300	13,960
Intergovernmental-state	-	131,238	-	-	131,238
Intergovernmental-federal	-	63,690	-	-	63,690
Total Receivables	\$ 31,537	\$ 196,272	\$ 2,217	\$ 300	\$ 230,326

Capital assets

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 176,017	\$ -	\$ -	\$ 176,017
Construction in progress	1,501,391	5,506,912	-	7,008,303
Total -Non-depreciable capital assets	<u>1,677,408</u>	<u>5,506,912</u>	<u>-</u>	<u>7,184,320</u>
Depreciable capital assets				
Land improvements	-	-	-	-
Buildings and Building Improvements	14,526,036	340,000	25,528	14,840,508
Technology equipment	632,105	-	-	632,105
Vehicles	724,340	114,918	-	839,258
General equipment	849,170	10,112	-	859,282
Total - Depreciable capital assets	<u>16,731,651</u>	<u>465,030</u>	<u>25,528</u>	<u>17,171,153</u>
Less: Accumulated depreciation				
Land improvements	-	-	-	-
Buildings and building Improvements	2,915,173	132,087	3,191	3,044,069
Technology equipment	520,087	37,467	-	557,554
Vehicles	399,787	51,915	-	451,702
General equipment	361,839	55,188	-	417,027
	<u>4,196,886</u>	<u>276,657</u>	<u>3,191</u>	<u>4,470,352</u>
Governmental Activities Capital Assets - net	\$ 14,212,173	\$ 5,695,285	\$ 22,337	\$ 19,885,121

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Capital assets (Continued)

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Business-Type Activities</u>				
General equipment	\$ 163,261	\$ -	\$ -	\$ 163,261
Total - Non-depreciable capital assets	<u>163,261</u>	<u>-</u>	<u>-</u>	<u>163,261</u>
Less: Accumulated depreciation				
General equipment	104,815	11,367	-	116,182
Total - Depreciable capital assets	<u>104,815</u>	<u>11,367</u>	<u>-</u>	<u>116,182</u>
Business-Type Activities Capital Assets - net	<u>\$ 58,446</u>	<u>\$ (11,367)</u>	<u>\$ -</u>	<u>\$ 47,079</u>

Pension obligations

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

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

Plan Description

TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: <https://trs.ky.gov/administration/financial-reports-information/>.

Pension Benefits

For member who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either 1) attain age fifty-five (55), or 2) complete 27 years of Kentucky service.

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

Pension obligations (Continued)

Pension Benefits (Continued)

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

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

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

Contributions

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

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

Plan Description

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

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

Pension Benefits

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

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

Contributions

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

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

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

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

Contributions (Continued)

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

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2021, employers were required to contribute 24.06% of the member's salary. During the year ending June 30, 2021, the District contributed \$286,120 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$87,178. The District does not contribute to these plans.

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

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

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

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

District's proportionate share of the net CERS pension liability	\$ 3,838,487
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>17,909,251</u>
Total	<u>\$ 21,747,738</u>

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2020, the District's proportion was .050046%. For the year ended June 30, 2021, the District recognized CERS pension expense of \$229,514 (\$200,355 in governmental funds and \$29,159 in proprietary funds) and \$150,270 related to TRS. The District also recognized revenue of \$1,296,310 for TRS support provided by the Commonwealth.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 95,721	\$ -
Changes of assumptions	149,886	-
Net difference between projected and actual earnings on pension	166,386	70,332
Changes in proportion and difference between District contributions proportionate share of contributions	180,180	-
District contributions subsequent to the measurement date	<u>229,514</u>	<u>-</u>
	<u>\$ 821,687</u>	<u>\$ 70,332</u>

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

Year ending June 30:		
2021	\$	288,258
2022		143,686
2023		51,318
2024		38,578
2025		-
Thereafter		-

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Actuarial assumptions

For TRS, the actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2017 for the fiscal year 2021 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

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

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

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

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

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

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

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

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

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

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

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

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Discount Rate

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

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

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

		Current		
	1% Decrease	Discount Rate	1% Increase	
TRS	6.50%	7.50%	8.50%	
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	
CERS	5.25%	6.25%	7.25%	
District's proportionate share of net pension liability	\$ 4,733,689	\$ 3,838,487	\$ 3,097,225	

Other postemployment benefit (OPEB) obligations

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

TRS – OPEB

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

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

TRS Medical Insurance Fund (MIF)

Plan description

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

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

Benefits provided

To be eligible for medical benefits through TRS, the member must have retired either for service or disability. The TRS medical plan offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the Kentucky Employees Health Plan. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions

In order to fund the TRS post-retirement healthcare benefit, seven and one-half percent (7.5%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

TRS Postemployment Life Insurance Benefits (LIF)

Plan description

TRS administers the life insurance plan as provided by KRS 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple-employer defined benefit plan with a special funding situation. This benefit is financed by actuarially determined contributions from the 207 participating employers. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

TRS Postemployment Life Insurance Benefits (LIF) (Continued)

Contributions

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

CERS – OPEB

Plan description

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

Benefits provided

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

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

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

Contribution

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

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

District's proportionate share of the net TRS OPEB MIF liability	\$ 1,680,000
District's proportionate share of the net CERS OPEB MIF liability	<u>1,208,217</u>
Total district proportionate share	2,888,217
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	<u>1,346,000</u>
Total	<u>\$ 4,234,217</u>

The net OPEB liability for each plan was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. For the year ended June 30, 2021, the District recognized total net OPEB expense of \$47,279 (an increase of \$61,480 in governmental funds and a decrease of \$14,201 in the business-type activities).

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 201,868	\$ 918,025
Changes of assumptions	312,158	1,278
Net difference between project and actual earnings on OPEB plan investments	119,812	24,654
Changes in proportion and difference between District contributions and proportionate share of contributions	349,691	703
District contributions subsequent to the measurement date	176,417	-
Total	<u>\$ 1,159,946</u>	<u>\$ 944,660</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$176,417 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	TRS	CERS
2021	\$ (62,000)	\$ 105,751
2022	(58,000)	117,635
2023	(59,000)	94,776
2024	(63,000)	69,033
2025	(73,000)	(2,327)
Thereafter	(31,000)	-

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Actuarial assumptions for TRS are as follows:

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

Actuarial assumptions for CERS are as follows:

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

Mortality Rates

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

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

Rate of Return

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

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

Asset Class	MIF - Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	58.00%	5.40%
Fixed Income	9.00%	0.00%
Real Estate	6.50%	4.30%
Private Equity	8.50%	7.70%
Other Additional Categories	17.00%	2.50%
Cash (LIBOR)	1.00%	-0.50%
Total	100.00%	

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

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

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

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

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

Discount Rate

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

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

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

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

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

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

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

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

LIF Discount rate.

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

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

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

Long-term rate of return

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

Municipal bond rate

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

Periods of projected benefit payments

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

CERS

Single discount rates of 5.34% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. There, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicitly subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Risk management

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

Long-Term Debt

Capital Lease Obligations

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

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

Issue	Maturity Date	Interest Rates	Original Principal Amount	Principal Outstanding at June 30, 2020	Debt Issued	Debt Paid	Principal Outstanding at June 30, 2021	Due Within One Year
2014 KISTA Lease	03/01/24	2.00% - 3.00%	\$ 115,047	\$ 44,987	\$ -	\$ 11,781	\$ 33,206	\$ 12,075
2016 KISTA Lease	03/01/26	2.00% - 3.00%	119,889	70,747	-	11,864	58,883	12,084
2018 KISTA Lease	03/01/28	2.00% - 3.00%	110,509	86,742	-	10,281	76,461	10,575
2019 KISTA Lease	03/01/29	3.00%	122,173	109,185	-	13,281	95,904	11,704
2021 KISTA Lease	03/01/31	1.25% - 1.500%	118,572	-	118,572	-	118,572	13,145
		Totals	<u>\$ 586,190</u>	<u>\$ 311,661</u>	<u>\$ 118,572</u>	<u>\$ 47,207</u>	<u>\$ 383,026</u>	<u>\$ 59,583</u>

Interest rates on capitalized leases vary from 1.25% to 3.00%. The capital leases provide for the buses to revert to the District at the end of the respective lease with no further payment for purchase.

Fiscal Year Ending	Principal	Interest	Total
2022	\$ 59,583	\$ 8,828	\$ 68,411
2023	58,788	7,601	66,389
2024	58,576	6,186	64,762
2025	46,754	4,726	51,480
2026	47,935	3,583	51,518
2027-2031	111,390	5,167	116,557
Totals	<u>\$ 383,026</u>	<u>\$ 36,091</u>	<u>\$ 419,117</u>
Total minimum lease payments			\$ 419,117
Less: amount representing interest			<u>36,091</u>
Present value of net minimum lease payme			<u>\$ 383,026</u>

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Long-Term Debt (Continued)

Bonds

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

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

Fiscal Year Ending	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 397,801	\$ 331,499	\$ 119,199	\$ 32,547	\$ 517,000	\$ 364,046
2023	404,948	323,078	121,052	30,651	526,000	353,729
2024	411,929	314,489	123,071	28,705	535,000	343,194
2025	418,317	302,216	125,683	26,256	544,000	328,472
2026	429,597	289,941	128,403	23,681	558,000	313,622
2027	440,810	277,303	131,190	21,149	572,000	298,452
2028	451,909	264,329	134,091	18,515	586,000	282,844
2029	467,892	251,022	136,108	15,782	604,000	266,804
2030	483,654	237,260	139,346	12,917	623,000	250,177
2031	496,034	223,025	115,966	10,207	612,000	233,232
2032	511,257	208,419	98,743	7,656	610,000	216,075
2033	525,521	193,382	94,479	5,293	620,000	198,675
2034	541,466	177,334	48,534	3,191	590,000	180,525
2035	558,488	160,788	51,512	1,674	610,000	162,462
2036	575,000	143,125	-	-	575,000	143,125
2037	590,000	128,750	-	-	590,000	128,750
2038	605,000	114,000	-	-	605,000	114,000
2039	620,000	98,875	-	-	620,000	98,875
2040	635,000	83,375	-	-	635,000	83,375
2041	650,000	67,500	-	-	650,000	67,500
2042	665,000	51,250	-	-	665,000	51,250
2043	685,000	34,625	-	-	685,000	34,625
2044	700,000	17,500	-	-	700,000	17,500
Totals	<u>\$12,264,623</u>	<u>\$ 4,293,085</u>	<u>\$ 1,567,377</u>	<u>\$ 238,224</u>	<u>\$13,832,000</u>	<u>\$ 4,531,309</u>

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Long-Term Debt (Continued)

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

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Revenue Bonds:								
Series 2007	3.40 - 3.90%	07/01/20	\$ 815,000	\$ 29,786	\$ -	\$ 29,786	\$ -	\$ -
Series 2010A	3.25 - 4.125%	01/01/30	300,000	175,000	-	175,000	-	-
Series 2010B	2.25 - 4.00%	10/01/30	420,000	260,000	-	260,000	-	-
Series 2012	2.00%	11/01/32	820,000	560,000	-	40,000	520,000	40,000
Series 2015	2.00 - 3.25%	02/01/35	7,820,000	6,670,000	-	290,000	6,380,000	380,000
Series 2020	2.50%	02/01/44	6,530,000	6,530,000	-	50,000	6,480,000	45,000
Refunding Revenue Bonds:								
Series 2005	2.25 - 4.00%	05/01/24	910,000	40,000	-	10,000	30,000	10,000
Series 2020	0.85 - 1.20%	08/01/30	440,000	-	440,000	18,000	422,000	42,000
Total Bonds			18,055,000	14,264,786	440,000	872,786	13,832,000	517,000
Other Liabilities:								
Capital Leases				311,661	118,572	47,207	383,026	59,583
KSBIT				4,254	-	4,254	-	-
Sick Leave				21,250	34,451	-	55,701	21,205
Net pension liability				3,284,031	436,938	-	3,720,969	-
Net OPEB liability				2,636,868	162,924	-	2,799,792	-
Total Other Liabilities				6,258,064	752,885	51,461	6,959,488	80,788
Total Governmental Activities Long-Term Liabilities			\$ 18,055,000	\$ 20,522,850	\$ 1,192,885	\$ 924,247	\$ 20,791,488	\$ 597,788

Interfund transfers

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

	Transfers In From Other	Transfers Out To Other Funds
General Fund	\$ 113,091	\$ 18,139
Special Revenue Fund	18,525	36,205
District Activity Fund	25,373	-
Student Activity Fund	-	46,799
Capital Outlay Fund	-	81,124
Building Fund	-	776,430
Debt Service Fund	801,708	-
Totals	\$ 958,697	\$ 958,697

- The General Fund transferred \$18,139 to the Special Revenue Fund for various purposes.
- The Special Revenue Fund transferred \$36,205 to the General Fund for various purposes.
- The Student Activity Fund transferred \$25,373 to the District Activity Fund and \$21,040 to the General Fund for student activities.
- The Capital Outlay Fund transferred \$67,866 to the Debt Service Fund for debt service payments and \$13,258 to the General Fund for various purposes.
- The Building (FSPK) Fund transferred \$733,842 to the Debt Service Fund for debt service payments and \$42,587 to the General Fund for various purposes.

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

On-Behalf payments

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

Kentucky Teachers Retirement System	\$ 1,392,455
Health, Life, Vision & Dental Insurance	894,180
Technology	68,697
Debt Service	181,360
	<hr/>
Total On-Behalf Payments	<u>\$ 2,536,692</u>

Recent GASB Pronouncements

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

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

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

Changes in Certain Beginning Balances

The District has implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, for these financial statements. This implementation reclassified all agency funds as special revenue funds. On the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund, this increased the beginning balance of the Student Activity Funds, a new special revenue fund for the District by \$98,987. Accordingly, the governmental activities net position as of the beginning of the year increased by \$98,987 on the District-Wide Statement of Activities.

EMINENCE INDEPENDENT SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Deficit Operating Balances

The Business-type Activities had a deficit net position at June 30, 2021, in the amount of \$8,509. The deficit net position is a result of the recording of the net pension liability and net OPEB liability for CERS as part of GASB Statements 68 and 75.

The District did not have any funds end the year with a negative fund balance. However, the following funds had operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

General Fund	\$ (489,060)
Construction Fund	\$ (5,190,098)
Student Activity Fund	\$ (1,575)
Facility Support Program (FSKP) Fund	\$ (31,771)

Commitments And Contingencies

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

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

Prior Period Adjustments

The beginning net position of the governmental funds and business-type funds was restated by \$98,987 and \$(2,618), respectively. The governmental funds restatement was due to the addition of the student activity fund in the current year, The business-type funds restatement was related to previously reported pension and OPEB expenses.

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

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

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Teacher's Retirement System of the State of Kentucky (TRS)							
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	\$ 17,909,251	\$ 17,154,752	\$ 15,845,098	\$ 29,858,565	\$ 31,556,265	\$ 21,892,700	\$ 17,153,719
Total	<u>\$ 17,909,251</u>	<u>\$ 17,154,752</u>	<u>\$ 15,845,098</u>	<u>\$ 29,858,565</u>	<u>\$ 31,556,265</u>	<u>\$ 21,892,700</u>	<u>\$ 17,153,719</u>
District's covered-employee payroll	\$ 4,182,798	\$ 4,073,575	\$ 3,981,372	\$ 3,819,377	\$ 3,497,802	\$ 3,325,563	\$ 2,883,305
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	45.59%
County Employee Retirement System (CERS)							
District's proportion of the net pension liability	0.050046%	0.484670%	0.047482%	0.03494%	0.31281%	0.287200%	0.030770%
District's proportionate share of the net pension liability	\$ 3,838,487	\$ 3,408,706	\$ 2,891,799	\$ 2,044,970	\$ 1,540,173	\$ 1,234,818	\$ 998,000
State's proportionate share of the net pension liability	-	-	-	-	-	-	-
Total	<u>\$ 3,838,487</u>	<u>\$ 3,408,706</u>	<u>\$ 2,891,799</u>	<u>\$ 2,044,970</u>	<u>\$ 1,540,173</u>	<u>\$ 1,234,818</u>	<u>\$ 998,000</u>
District's covered-employee payroll	\$ 1,009,351	\$ 1,281,276	\$ 1,888,537	\$ 1,253,137	\$ 902,079	\$ 793,144	\$ 704,032
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	380.29%	266.04%	153.12%	163.19%	170.74%	155.69%	141.75%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

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

See the accompanying notes to the required supplementary information.

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015
Teacher's Retirement System of the State of Kentucky (TRS)							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,182,798	\$ 4,073,575	\$ 3,981,372	\$ 3,819,377	\$ 3,497,802	\$ 3,325,563	\$ 2,883,305
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Employee Retirement System (CERS)							
Contractually required contribution	\$ 229,514	\$ 307,986	\$ 269,266	\$ 240,352	\$ 168,508	\$ 135,310	\$ 123,703
Contributions in relation to the contractually required contribution	229,514	307,986	269,266	240,352	168,508	135,310	123,703
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,009,351	\$ 1,281,276	\$ 1,888,537	\$ 1,253,137	\$ 902,079	\$ 793,144	\$ 704,032
District's contributions as a percentage of its covered-employee payroll	22.74%	24.04%	14.26%	19.18%	18.68%	17.06%	17.57%

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

See the accompanying notes to the required supplementary information.

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension
June 30, 2021

TRS

Changes of benefit terms

None

Changes of assumptions

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

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

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

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

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

CERS

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

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

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

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

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.066577%	0.656580%	0.610000%	0.057000%
District's proportionate share of the collective net OPEB liability	\$ 1,680,000	\$ 1,922,000	\$ 2,131,000	\$ 2,047,000
State's proportionate share of the collective net OPEB liability associated with the District	<u>1,346,000</u>	<u>1,552,000</u>	<u>1,837,000</u>	<u>1,672,000</u>
Total	<u>\$ 3,026,000</u>	<u>\$ 3,474,000</u>	<u>\$ 3,968,000</u>	<u>\$ 3,719,000</u>
District's covered-employee payroll	\$ 4,182,798	\$ 4,073,575	3,981,372	\$ 3,819,377
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	40.16%	47.18%	53.52%	53.60%
Plan fiduciary net position as a percentage of the total OPEB	39.05%	32.58%	25.50%	21.20%
LIFE INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	<u>41,000</u>	<u>36,000</u>	<u>32,000</u>	<u>51,000</u>
Total	<u>\$ 41,000</u>	<u>\$ 36,000</u>	<u>\$ 32,000</u>	<u>\$ 51,000</u>
District's covered-employee payroll	\$ 4,182,798	\$ 4,073,575	\$ 3,981,372	\$ 3,819,377
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	71.57%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018
MEDICAL INSURANCE PLAN				
Contractually required contribution	\$ 119,811	\$ 122,207	\$ 119,441	\$ 114,581
Contributions in relation to the contractually required contribution	<u>119,811</u>	<u>122,207</u>	<u>119,441</u>	<u>114,581</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,182,798	\$ 4,073,575	\$ 3,981,372	\$ 3,819,377
District's contributions as a percentage of it's covered-employee payroll	2.86%	3.00%	3.00%	3.00%
LIFE INSURANCE PLAN				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,182,798	\$ 4,073,575	\$ 3,981,372	\$ 3,819,377
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

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

	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN				
District's proportion of the collective OPEB liability	0.05004%	0.04845%	0.04748%	0.34937%
District's proportionate share of the collective net OPEB liability	\$ 1,208,217	\$ 9,121,662	\$ 9,578,954	\$ 10,649,264
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-
Total	<u>\$ 1,208,217</u>	<u>\$ 9,121,662</u>	<u>\$ 9,578,954</u>	<u>\$ 10,649,264</u>
District's covered-employee payroll	\$ 1,009,351	\$ 1,281,276	\$ 1,888,537	\$ 1,253,137
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	119.70%	711.92%	507.22%	849.81%
Plan fiduciary net position as a percentage of the total OPEB	51.67%	60.44%	57.62%	52.39%

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

See the accompanying notes to the required supplementary information.

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018
HEALTH INSURANCE PLAN				
Contractually required contribution	\$ 56,606	\$ 7,048	\$ 6,350	\$ 5,300
Contributions in relation to the contractually required contribution	<u>56,606</u>	<u>7,048</u>	<u>6,350</u>	<u>5,300</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,009,351	\$ 1,281,276	\$ 1,888,537	\$ 1,253,137
District's contributions as a percentage of it's covered-employee payroll	5.61%	0.55%	0.34%	0.42%

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

See the accompanying notes to the required supplementary information.

Eminence Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB
June 30, 2021

TRS

Note I - Changes of Benefit Terms

MIF

- None

LIF

- None

Note II - Changes to assumptions or other inputs

MIF

- Updated Health Care Cost Trend Rates

LIF

- None

CERS

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

EMINENCE INDEPENDENT SCHOOL DISTRICT

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

	District Activity	School Activity Fund	Facility Support Program (FSKP) Fund	Total Non-Major Funds
ASSETS				
Cash and cash equivalents	\$ 33,648	\$ 97,412	\$ 76,928	\$ 207,988
Receivables				
Taxes-current	-	-	-	-
Accounts	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	-	-	-	-
Total assets	<u>33,648</u>	<u>97,412</u>	<u>76,928</u>	<u>207,988</u>
LIABILITIES				
Accounts payable	-	-	-	-
Unearned revenue	<u>33,648</u>	<u>-</u>	<u>-</u>	<u>33,648</u>
Total liabilities	<u>33,648</u>	<u>-</u>	<u>-</u>	<u>33,648</u>
FUND BALANCE				
Restricted	-	97,412	76,928	174,340
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>-</u>	<u>97,412</u>	<u>76,928</u>	<u>174,340</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 33,648</u>	<u>\$ 97,412</u>	<u>\$ 76,928</u>	<u>\$ 207,988</u>

EMINENCE INDEPENDENT SCHOOL DISTRICT

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

	District Activity	Student Activity	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Debt Service Fund	Total Non-Major Funds
Revenues						
From Local Sources						
Taxes						
Property	\$ -	\$ -	\$ -	\$ 181,796	\$ -	\$ 181,796
Motor vehicle	-	-	-	-	-	-
Franchise	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Earnings on investments	-	-	-	1,567	-	1,567
Student activities	2,813	169,923	-	-	-	172,736
Other local revenue	4,000	-	-	-	-	4,000
Intergovernmental - state	-	-	81,124	561,296	181,360	823,780
Intergovernmental - federal	-	-	-	-	-	-
Total revenues	<u>6,813</u>	<u>169,923</u>	<u>81,124</u>	<u>744,659</u>	<u>181,360</u>	<u>1,183,879</u>
EXPENDITURES						
Instruction	28,895	117,062	-	-	-	145,957
Support services	-	-	-	-	-	-
Student	-	-	-	-	-	-
Instructional staff	3,291	-	-	-	-	3,291
District Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-
Student Transportation	-	6,767	-	-	-	6,767
Day care	-	-	-	-	-	-
Community Services Operations	-	-	-	-	-	-
Building acquisitions/construction	-	-	-	-	-	-
Other Non-Instructional Services	-	870	-	-	15,673	16,543
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	447,786	447,786
Interest	-	-	-	-	535,282	535,282
Total expenditures	<u>32,186</u>	<u>124,699</u>	<u>-</u>	<u>-</u>	<u>998,741</u>	<u>1,155,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(25,373)	45,224	81,124	744,659	(817,381)	28,253
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	440,000	440,000
Underwriter's Discount	-	-	-	-	(6,600)	(6,600)
Transfer to escrow agent	-	-	-	-	(417,727)	(417,727)
Capital lease proceeds	-	-	-	-	-	-
Operating transfers in	25,373	-	-	-	801,708	827,081
Operating transfers (out)	-	(46,799)	(81,124)	(776,430)	-	(904,353)
Total other financing sources and (uses)	<u>25,373</u>	<u>(46,799)</u>	<u>(81,124)</u>	<u>(776,430)</u>	<u>817,381</u>	<u>(61,599)</u>
NET CHANGE IN FUND BALANCE						
	-	(1,575)	-	(31,771)	-	(33,346)
FUND BALANCE - BEGINNING (Restated)						
	-	98,987	-	108,699	-	207,686
FUND BALANCE - ENDING						
	<u>\$ -</u>	<u>\$ 97,412</u>	<u>\$ -</u>	<u>\$ 76,928</u>	<u>\$ -</u>	<u>\$ 174,340</u>

EMINENCE INDEPENDENT SCHOOL DISTRICT
Combined Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - Student Activity Fund
For the Year Ended June 30, 2021

School	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSEMENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	PAYABLES June 30,	DUE TO STUDENT GROUPS June 30, 2021
Eminence Independent High School and Middle School	\$ 82,080	\$ 258,711	\$ 259,849	\$ 80,942	\$ -	\$ -	\$ 80,942
Eminence Elementary School	16,907	7,592	8,029	16,470	-	-	16,470
Transfers	-	(96,380)	(96,380)	-	-	-	-
Total School Activity Funds	\$ 98,987	\$ 169,923	\$ 171,498	\$ 97,412	\$ -	\$ -	\$ 97,412

EMINENCE INDEPENDENT SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - Student Activity Fund
Eminence Independent High School and Middle School
For the Year Ended June 30, 2021

Acct:	Activity	CASH			CASH			DUE TO
		BALANCES	RECEIPTS	DISBURSEMENTS	BALANCES	RECEIVABLES	PAYABLES	STUDENT
		July 1, 2020	AND TRANSFERS	AND TRANSFERS	June 30, 2021	June 30, 2021	June 30, 2021	GROUPS
								June 30, 2021
100	GENERAL FUNDS	\$ 7,491	\$ 3,787	\$ 3,459	\$ 7,819	\$ -	\$ -	\$ 7,819
102	FEES	-	8,378	8,378	-	-	-	-
103	ATHLETICS	-	13,256	13,213	43	-	-	43
104	START UP MONEY	-	690	690	-	-	-	-
105	NCKC LEAGUE	543	-	369	174	-	-	174
107	BELLARMINE	-	600	-	600	-	-	600
108	VANCO CC FEES	-	802	794	8	-	-	8
150	SWEEP	-	37,302	37,302	-	-	-	-
200	FACULTY	249	-	-	249	-	-	249
300	STUDENT COUNCIL	40	-	-	40	-	-	40
301	SPRING PLAY PRODUCTION	9,546	-	297	9,249	-	-	9,249
302	SR BETA CLUB	242	1,145	1,387	-	-	-	-
303	PEP CLUB	493	-	-	493	-	-	493
304	JR BETA CLUB	1,988	200	1,176	1,012	-	-	1,012
305	AQUAPONICS	195	75	-	270	-	-	270
306	LIBRARY	-	229	229	-	-	-	-
307	FALL PLAY PRODUCTION	507	-	-	507	-	-	507
308	LATIN SPANISH CLUB	21	-	-	21	-	-	21
309	AGRICULTURE CLUB	468	-	-	468	-	-	468
310	M/S ACADEMIC TEAM	-	8	7	1	-	-	1
315	H/S ACADEMIC TEAM	-	175	175	-	-	-	-
316	H/S JUDY LEA	483	5	10	478	-	-	478
317	M/S JUDY LEA	569	-	-	569	-	-	569
325	MEDIA ARTS	1,160	161	108	1,213	-	-	1,213
375	FCA	197	-	-	197	-	-	197
400	BAND/MUSIC	684	-	-	684	-	-	684
404	EXEMPLARS	26	1,000	-	1,026	-	-	1,026
500	ODYSSY OF THE MIND	654	-	-	654	-	-	654
502	M/S DANCE TEAM	40	-	-	40	-	-	40
504	H/S DANCE TEAM	546	809	787	568	-	-	568
505	M/S FOOTBALL	1,029	1,809	2,233	605	-	-	605
509	H/S FOOTBALL	3,584	15,597	19,181	-	-	-	-
515	M/S BOYS BASKETBALL	-	1,740	920	820	-	-	820
516	H/S BOYS BASKETBALL	831	7,673	6,248	2,256	-	-	2,256
525	M/S GIRLS BASKETBALL	1,276	854	1,110	1,020	-	-	1,020
527	H/S GIRLS BASKETBALL	1,981	6,173	4,237	3,917	-	-	3,917
530	M/S CHEERLEADERS	581	590	494	677	-	-	677
533	H/S CHEERLEADERS	1,843	1,204	2,501	546	-	-	546
539	H/S BASEBALL	679	2,579	1,320	1,938	-	-	1,938
545	M/S BASEBALL	1,551	4,278	4,597	1,232	-	-	1,232
547	M/H SOFTBALL	4,387	7,369	3,836	7,920	-	-	7,920
553	CROSS COUNTRY	1,679	4,110	1,626	4,163	-	-	4,163
555	M/S VOLLEYBALL	3,810	2,289	2,759	3,340	-	-	3,340
561	H/S VOLLEYBALL	3,180	4,288	4,456	3,012	-	-	3,012
562	TRACK	3	-	-	3	-	-	3
563	ARCHERY CLUB	-	4,049	3,271	778	-	-	778
580	SWIM	409	870	848	431	-	-	431
600	TENNIS	1,178	1,143	1,368	953	-	-	953
601	SENIORS -01	1,105	46,781	46,935	951	-	-	951
602	JUNIOR -02	6,055	800	3,435	3,420	-	-	3,420
603	SOPHOMORES -03	2,629	-	1,057	1,572	-	-	1,572
604	FRESHMAN -04	1,572	1,398	86	2,884	-	-	2,884
606	6TH GRADE	127	204	127	204	-	-	204
607	7TH GRADE	415	100	288	227	-	-	227
608	8TH GRADE	2,859	4,052	6,055	856	-	-	856
705	YEARBOOK	8,076	2,530	4,144	6,462	-	-	6,462
750	ACES	-	16,223	16,223	-	-	-	-
802	M/S STLP	304	-	-	304	-	-	304
803	H/S STLP	17	-	-	17	-	-	17
840	SOURCES OF STRENGTH	25	-	-	25	-	-	25
850	HOSPITALITY/REGION TOURNEY	809	881	1,690	-	-	-	-
855	H/S TSA	-	1,533	1,049	484	-	-	484
900	ART CLUB	360	-	-	360	-	-	360
950	SERVICE LEARNING	446	-	-	446	-	-	446

EMINENCE INDEPENDENT SCHOOL DISTRICT
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities - Student Activity Fund
Eminence Independent High School and Middle School
For the Year Ended June 30, 2021 (continued)

Acct:	Activity	CASH BALANCES July 1, 2020	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	PAYABLES June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
1200	NATIONAL HONOR SOCIETY	1,357	825	1,475	707	-	-	707
2100	SPECIAL EDUCATION	63	144	-	207	-	-	207
2120	COMM BASED INVOLVEMENT	952	-	-	952	-	-	952
2350	M/S DANCE EVENT	11	-	11	-	-	-	-
2401	PE/FIELD DAY	41	-	-	41	-	-	41
2450	FOOD & NUTRITION CLASS	10	-	10	-	-	-	-
2475	SWEET TREATS SERVICE PROJ	288	-	-	288	-	-	288
2525	DANCE/DRAMA CLASS	64	-	-	64	-	-	64
2575	EDHUB CONSUMABLES	-	132	132	-	-	-	-
2625	GENIUS HOUR	48	-	-	48	-	-	48
2650	MISC M/H FIELD TRIPS	304	125	-	429	-	-	429
	Subtotal	82,080	210,965	212,103	80,942	-	-	80,942
	Interfund Transfers		(47,746)	(47,746)				
	Total	\$ 82,080	\$ 258,711	\$ 259,849	\$ 80,942	\$ -	\$ -	\$ 80,942

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENT S	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through Kentucky Department of Education: Summer Food Service Program for Children	10.559	7690024-20 7690024-21 7740023-20 7740023-21		\$ 4,212 27,892 41,012 271,324
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	4003435		21,079
TOTAL CHILD NUTRITION CLUSTER				<u>365,519</u>
Passed Through Kentucky Department of Education: State Administrative Expense for Child Nutrition	10.560	7700001-20		949
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE				<u>366,468</u>
<u>UNITED STATES DEPARTMENT OF THE TREASURY</u>				
Passed Through Kentucky's Office of State Budget Director and Kentucky Department of Education: COVID-19 Coronavirus Relief Funds	21.019	CARES		240,414
TOTAL UNITED STATES DEPARTMENT OF THE TREASURY				<u>240,414</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027A	3810002-19 3810002-20		49,737 133,840 <u>183,577</u>
Passed Through Kentucky Department of Education: Special Education Preschool Grants	84.173A	3800002-19 3800002-20		1,644 3,551 <u>5,195</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>188,772</u>
Passed Through Kentucky Department of Education: Adult Education - State Grant Program	84.002			7,777
Passed Through Kentucky Department of Education: Title I Grants to Local Educational Agencies	84.010A	3100002-19 3100002-20		18,686 168,323 <u>187,009</u>
Passed Through Kentucky Department of Education: Career and Technical Education -- Basic Grants to States	84.048	3710002-19 3710002-20		505 6,473 <u>6,978</u>
Passed Through Kentucky Department of Education: Education for Homeless Children and Youths Grants for State and Local Activities Stewart B. McKinney Homeless Grant	84.196A	3990002-20		115,792
Passed Through Kentucky Department of Education: Twenty-First Century Community Learning Centers Striving Readers	84.287C	3220002-19		157,048

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

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENT S	TOTAL FEDERAL EXPENDITURES
Passed Through Kentucky Department of Education: Rural Education	84.358B	3140002-18		<u>2,718</u>
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grants	84.367	3230002-20		<u>25,431</u>
Passed Through Kentucky Department of Education: Student Support and Academic Enrichment Program	84.424A	3420002-20		<u>12,379</u>
Passed Through Kentucky Department of Education: Education Stabilization Fund Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-20 4000003-20 4200002-21		121,440 2,206 <u>13,623</u> 137,269
TOTAL UNITED STATES DEPARTMENT OF EDUCATION				<u>841,173</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Kentucky Cabinet for Health and Family Services: COVID-19 Child Care and Development Block Grant	93.575	CARES CRRSA		57,600 <u>11,817</u> <u>69,417</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>69,417</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 1,517,472</u>

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

EMINENCE INDEPENDENT SCHOOL DISTRICT

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Eminence Independent School District under the programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Eminence 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 2. Significant Accounting Policies

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

Note 3. Food Distribution

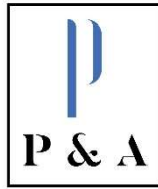
Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disburse. For the year ended June 30, 2021, the District received food commodities totaling \$21,079.

Note 4. Indirect Cost Rate

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

Note 5. Subrecipients

The Eminence Independent School District had no federal grant subrecipients during the fiscal year.



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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

Kentucky State Committee for School District Audits
Board of Education of the Eminence Independent School District
Eminence, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eminence Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Eminence Independent School District's basic financial statements, and have issued our report thereon dated December 10, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Tammy R. Patrick, CPA

Tammy R. Patrick, CPA

Patrick & Associates, LLC

December 10, 2021



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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

Kentucky State Committee for School District Audits
Board of Education of the Eminence Independent School District
Eminence, KY

Report on Compliance for Each Major Federal Program

We have audited the Eminence 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 Eminence Independent School District's major federal programs for the year ended June 30, 2021. Eminence 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Eminence 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Eminence 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 the Eminence Independent School District's compliance.

Opinion on Each Major Federal Program

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

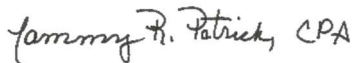
Report on Internal Control over Compliance

Management of the Eminence 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 Eminence Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Eminence 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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



Tammy R. Patrick, CPA

Patrick & Associates, LLC

December 10, 2021

Schedule of Findings and Questioned Costs

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type or report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	COVID 19 - Coronavirus Relief Funds [CFDA 21.019] COVID 19 - Child Care and Development Block Grant [CFDA 93.575]
Dollar threshold of Type A and B programs?	\$750,000
Low risk auditee?	Yes

SUMMARY OF AUDITOR'S RESULTS

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

No major federal award findings

SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year findings.

APPENDIX C

**Eminence Independent School District Finance
Corporation School Building Revenue Bonds
Second Series of 2022**

Official Terms and Conditions of Sale

**OFFICIAL
TERMS AND CONDITIONS OF BOND SALE**

\$700,000*

**Eminence Independent School District Finance Corporation
School Building Revenue Bonds, Second Series of 2022
Dated November 2, 2022**

SALE: October 12, 2022 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Eminence Independent School District Finance Corporation ("Corporation") will until October 12, 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 \$70,000.

**EMINENCE 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 Eminence, Kentucky (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 Middle/High School Athletic improvements (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 November 2, 2022, payable on June 1, 2023, and semi-annually thereafter and shall mature as to principal on June 1, 2023 and December 1 in each of the years thereafter as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
Jun. 1, 2023	\$55,000	2034	\$30,000
2023	15,000	2035	30,000
2024	20,000	2036	25,000
2025	20,000	2037	30,000
2026	20,000	2038	30,000
2027	20,000	2039	35,000
2028	20,000	2040	35,000
2029	25,000	2041	35,000
2030	20,000	2042	40,000
2031	20,000	2043	40,000
2032	25,000	2044	45,000
2033	25,000	2045	40,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$70,000 which may be applied in any or all maturities.

The Bonds maturing on or after December 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after December 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 June 1 and December 1 of each year, beginning June 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 \$686,000 (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 \$700,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by \$70,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$630,000 or a maximum of \$770,000. 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 \$700,000 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 October 12, 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 December 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 shall levy a minimum equivalent tax rate of \$.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 160.470(12)(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

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

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

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at 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, Eminence Independent Board of Education, 291 West Broadway, Eminence, Kentucky 40019, Telephone 502-845-5427.

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.

**EMINENCE INDEPENDENT SCHOOL
DISTRICT FINANCE CORPORATION**

**by /s/ Dr. Buddy Berry
Secretary**

APPENDIX D

**Eminence Independent School District Finance
Corporation School Building Revenue Bonds
Second Series of 2022**

Official Bid Form

OFFICIAL BID FORM

(Bond Purchase Agreement)

The Eminence Independent School District Finance Corporation (“Corporation” or “Issuer”), will until 11:00 A.M., E.D.S.T., on October 12, 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 \$700,000 School Building Revenue Bonds, Second Series of 2022, dated November 2, 2022; maturing June 1, 2023 and December 1, 2023 through 2045 (“Bonds”).

We hereby bid for said \$700,000* principal amount of Bonds, the total sum of \$_____ (not less than \$686,000) plus accrued interest from November 2, 2022 payable June 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 June 1, 2023 and December 1 in the years thereafter as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
Jun. 1, 2023	\$55,000	_____ %	2034	\$30,000	_____ %
2023	15,000	_____ %	2035	30,000	_____ %
2024	20,000	_____ %	2036	25,000	_____ %
2025	20,000	_____ %	2037	30,000	_____ %
2026	20,000	_____ %	2038	30,000	_____ %
2027	20,000	_____ %	2039	35,000	_____ %
2028	20,000	_____ %	2040	35,000	_____ %
2029	25,000	_____ %	2041	35,000	_____ %
2030	20,000	_____ %	2042	40,000	_____ %
2031	20,000	_____ %	2043	40,000	_____ %
2032	25,000	_____ %	2044	45,000	_____ %
2033	25,000	_____ %	2045	40,000	_____ %

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$770,000 of Bonds or as little as \$630,000 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 October 12, 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 November 2, 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 November 2, 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 Eminence Independent School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2023	_____,000	_____ %	2034	_____,000	_____ %
2023	_____,000	_____	2035	_____,000	_____
2024	_____,000	_____	2036	_____,000	_____
2025	_____,000	_____	2037	_____,000	_____
2026	_____,000	_____	2038	_____,000	_____
2027	_____,000	_____	2039	_____,000	_____
2028	_____,000	_____	2040	_____,000	_____
2029	_____,000	_____	2041	_____,000	_____
2030	_____,000	_____	2042	_____,000	_____
2031	_____,000	_____	2043	_____,000	_____
2032	_____,000	_____	2044	_____,000	_____
2033	_____,000	_____	2045	_____,000	_____

Dated: October 12, 2022

RSA ADVISORS, LLC
as Agent for the Eminence Independent
School District Finance Corporation