

DATED NOVEMBER 2, 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 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).

\$3,410,000*

BARDSTOWN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
ENERGY CONSERVATION REVENUE BONDS,
SERIES OF 2022

Dated with Delivery: DECEMBER 1, 2022

Due: as shown below

Interest on the Bonds is payable each February 1 and August 1, beginning February 1, 2024. The Bonds will mature as to principal on February 1, 2024, and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$1,000 and integral multiples thereof.

Maturing 1-Feb		Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Feb		Interest Rate	Reoffering Yield	CUSIP
Amount*					Amount*				
2024	\$4,000	%	%		2034	\$148,000	%	%	
2025	\$37,000	%	%		2035	\$165,000	%	%	
2026	\$46,000	%	%		2036	\$184,000	%	%	
2027	\$56,000	%	%		2037	\$203,000	%	%	
2028	\$66,000	%	%		2038	\$224,000	%	%	
2029	\$78,000	%	%		2039	\$247,000	%	%	
2030	\$90,000	%	%		2040	\$271,000	%	%	
2031	\$103,000	%	%		2041	\$378,000	%	%	
2032	\$117,000	%	%		2042	\$412,000	%	%	
2033	\$132,000	%	%		2043	\$449,000	%	%	

The Bonds are subject to redemption prior to their stated maturity as described herein.

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 Bardstown 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 Bardstown Independent Board of Education.

The Bardstown Independent (Kentucky) School District Finance Corporation will until November 10, 2022, at 11:00 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$340,000.**

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.



**BARDSTOWN INDEPENDENT, KENTUCKY
BOARD OF EDUCATION**

Jim Roby, Chairman
Lindsay Blackmon, Member
Kathy Reed, Member
Jennifer Shrewsbury, Member
Andy Stone, Member

Dr. Ryan Clark, Superintendent/Secretary

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
FINANCE CORPORATION**

Jim Roby, President
Lindsay Blackmon, Member
Kathy Reed, Member
Jennifer Shrewsbury, Member
Andy Stone, Member

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

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

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

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

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$3,410,000*

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
ENERGY CONSERVATION REVENUE BONDS,
SERIES OF 2022**

**Subject to Permitted Adjustment*

INTRODUCTION

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

The Bonds are being issued to finance energy conservation measures across the District (the "ECM Projects" or "Projects").

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 Projects (as hereinafter defined) to the Bardstown 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 Bardstown 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 and the Lease Agreement, dated December 1, 2022, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants

("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; 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, 2020, and 2022, Regular Sessions of the Kentucky General Assembly appropriated funds to be used for debt service of participating school districts. The additional 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
2022-24	<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 recently by the Governor. Such budget became effective July 1, 2022.

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2008	\$1,620,000	\$485,000	\$1,620,000	\$0	3.900% - 4.000%	2028
2010-REF	\$6,380,000	\$1,685,000	\$6,380,000	\$0	3.000% - 3.100%	2024
2012-REF	\$4,650,000	\$580,000	\$113,783	\$4,536,217	2.500% - 2.625%	2024
2012-Energy	\$275,000	\$171,225	\$275,000	\$0	2.500% - 3.000%	2027
2013-REF	\$2,750,000	\$1,830,000	\$2,750,000	\$0	2.000%	2025
2014	\$925,000	\$760,000	\$528,020	\$396,980	3.100% - 3.750%	2034
2015A-REF	\$1,245,000	\$745,000	\$1,245,000	\$0	2.000%	2026
2015B-REF	\$2,075,000	\$1,805,000	\$2,003,795	\$71,205	2.550%	2030
2016	\$4,505,000	\$4,415,000	\$4,505,000	\$0	2.150% - 3.125%	2036
2017	\$1,250,000	\$1,175,000	\$1,250,000	\$0	3.000% - 3.500%	2037
2019 Energy	\$1,770,000	\$1,650,000	\$1,770,000	\$0	2.500% - 3.250%	2039
2020	\$23,590,000	\$23,590,000	\$22,723,635	\$866,365	1.000% - 2.000%	2040
TOTALS:	\$51,035,000	\$38,891,225	\$45,164,233	\$5,870,767		

AUTHORITY

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

- i) the issuance of approximately \$3,410,000 of Bonds subject to a permitted adjustment of \$340,000;
- 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 December 1, 2022, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2024, and will mature as to principal on February 1, 2024, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, 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 February 1 and August 1 of each year, beginning February 1, 2024 (Record Date is the 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after February 1, 2028, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2027, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
February 1, 2027 and thereafter	100%

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

SECURITY

General

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

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from December 1, 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 February 1, 2043, 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 ENERGY CONSERVATION MANAGEMENT PROJECTS

After the payment of expenses in connection with the issuance of the Bonds, the balance of the Bond proceeds will be deposited to the Construction Fund to implement energy conservation improvements at Bardstown Independent Middle and High School and the Career Technical Center.

The Board has or will enter a Guaranteed Energy Savings Contract with CMTA, Lexington, Kentucky, with the approval of the State Department of Education, Buildings and Grounds.

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	Series 2022 Energy Conservation Revenue Bonds (100% General Fund)			Total Restricted Fund Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2023	\$2,480,672				\$2,480,672
2024	\$2,478,323	\$4,000	\$176,430	\$180,430	\$2,478,323
2025	\$2,481,325	\$37,000	\$151,050	\$188,050	\$2,481,325
2026	\$2,470,365	\$46,000	\$149,422	\$195,422	\$2,470,365
2027	\$2,473,724	\$56,000	\$147,398	\$203,398	\$2,473,724
2028	\$2,472,210	\$66,000	\$144,934	\$210,934	\$2,472,210
2029	\$2,475,331	\$78,000	\$142,030	\$220,030	\$2,475,331
2030	\$2,476,278	\$90,000	\$138,598	\$228,598	\$2,476,278
2031	\$2,472,499	\$103,000	\$134,638	\$237,638	\$2,472,499
2032	\$2,470,988	\$117,000	\$130,106	\$247,106	\$2,470,988
2033	\$2,470,091	\$132,000	\$124,958	\$256,958	\$2,470,091
2034	\$2,472,533	\$148,000	\$119,150	\$267,150	\$2,472,533
2035	\$2,475,337	\$165,000	\$112,638	\$277,638	\$2,475,337
2036	\$2,472,880	\$184,000	\$105,378	\$289,378	\$2,472,880
2037	\$2,074,108	\$203,000	\$97,282	\$300,282	\$2,074,108
2038	\$2,071,733	\$224,000	\$88,350	\$312,350	\$2,071,733
2039	\$1,996,909	\$247,000	\$78,494	\$325,494	\$1,996,909
2040	\$1,989,005	\$271,000	\$67,626	\$338,626	\$1,989,005
2041	\$2,004,816	\$378,000	\$55,566	\$433,566	\$2,004,816
2042		\$412,000	\$38,745	\$450,745	
2043		\$449,000	\$20,205	\$469,205	
TOTALS:	\$44,779,129	\$3,410,000	\$2,222,990	\$5,632,990	\$44,779,129

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

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	<u>\$3,410,000.00</u>
Total Sources	\$3,410,000.00
Uses:	
Deposit to Construction Fund	\$3,300,310.00
Underwriter's Discount (2%)	68,200.00
Cost of Issuance	<u>41,490.00</u>
Total Uses	\$3,410,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	1,689.6	2011-12	2,226.2
2001-02	1,742.5	2012-13	2,230.8
2002-03	1,747.0	2013-14	2,251.5
2003-04	1,722.7	2014-15	2,307.7
2004-05	1,822.0	2015-16	2,286.4
2005-06	1,918.9	2016-17	2,258.7
2006-07	2,000.1	2017-18	2,209.2
2007-08	2,030.2	2018-19	2,243.9
2008-09	2,068.9	2019-20	2,223.6
2009-10	2,139.1	2020-21	2,212.2
2010-11	2,156.6	2021-22	2,314.8

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 Bardstown Independent School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	168,960.0	2011-12	222,615.0
2001-02	174,250.0	2012-13	223,077.0
2002-03	174,700.0	2013-14	225,146.0
2003-04	172,270.0	2014-15	230,766.0
2004-05	182,200.0	2015-16	228,644.0
2005-06	191,890.0	2016-17	225,870.0
2006-07	200,010.0	2017-18	220,920.0
2007-08	203,020.0	2018-19	224,393.7
2008-09	206,886.0	2019-20	222,360.0
2009-10	213,913.0	2020-21	221,216.9
2010-11	215,659.0	2021-22	231,479.7

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

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

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

LOCAL SUPPORT

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

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	55.7	655,427,486	3,650,731
2001-02	55.5	691,553,457	3,838,122
2002-03	60.6	702,616,648	4,257,857
2003-04	60.6	732,299,372	4,437,734
2004-05	66.9	779,297,953	5,213,503
2005-06	65.5	835,938,051	5,475,394
2006-07	69.3	886,179,062	6,141,221
2007-08	65.5	957,194,118	6,269,621
2008-09	71.7	1,019,760,534	7,311,683
2009-10	71.7	1,030,900,076	7,391,554
2010-11	69.1	1,053,690,013	7,280,998
2011-12	74	1,075,923,519	7,961,834
2012-13	77.6	1,102,145,486	8,552,649
2013-14	78.1	1,103,973,109	8,622,030
2014-15	82.1	1,116,675,206	9,167,903
2015-16	84.3	1,124,050,759	9,475,748
2016-17	85.5	1,177,199,641	10,065,057
2017-18	87.9	1,255,339,615	11,034,435
2018-19	88.6	1,309,346,364	11,600,809
2019-20	92.6	1,365,035,156	12,640,226
2020-21	87.5	1,437,135,350	12,574,934
2021-22	88.9	1,543,907,560	13,725,338

Overlapping Bond Indebtedness

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Nelson			
General Obligation	330,000	0	330,000
Airport Renewable	100,000	95,000	5,000
Courthouse/Administration Building Revenue	375,000	255,000	120,000
Refinancing Revenue	7,905,000	6,275,000	1,630,000
City of Bloomfield			
Water & Sewer Revenue	738,000	651,000	87,000
Improvement Project Revenue	1,520,000	168,000	1,352,000
Refunding Revenue	965,000	105,000	860,000
City of New Haven			
Water & Sewer Revenue	316,000	98,100	217,900
Special Districts			
Nelson County Public Library	2,965,000	1,520,000	1,445,000
North Nelson Water District	2,178,000	1,116,500	1,061,500
Totals:	17,392,000	10,283,600	7,108,400

Source: 2022 Kentucky Local Debt Report.

SEEK ALLOTMENT

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

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	5,255,562	3,650,731	8,906,293
2001-02	5,448,016	3,838,122	9,286,138
2002-03	5,861,163	4,257,857	10,119,020
2003-04	6,103,773	4,437,734	10,541,507
2004-05	6,282,699	5,213,503	11,496,202
2005-06	7,073,637	5,475,394	12,549,031
2006-07	7,555,615	6,141,221	13,696,836
2007-08	8,129,439	6,269,621	14,399,060
2008-09	8,534,772	7,311,683	15,846,455
2009-10	8,025,738	7,391,554	15,417,292
2010-11	8,077,171	7,280,998	15,358,169
2011-12	9,156,312	7,961,834	17,118,146
2012-13	9,180,208	8,552,649	17,732,857
2013-14	9,332,938	8,622,030	17,954,968
2014-15	9,829,090	9,167,903	18,996,993
2015-16	9,921,654	9,475,748	19,397,402
2016-17	9,686,101	10,065,057	19,751,158
2017-18	9,440,398	11,034,435	20,474,833
2018-19	9,574,286	11,600,809	21,175,095
2019-20	9,072,144	12,640,226	21,712,370
2020-21	8,362,253	12,574,934	20,937,187
2021-22	8,791,727	13,725,338	22,517,065

- (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 \$0.8890 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

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

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

Financial information regarding the Board may be obtained from Superintendent, Bardstown Independent Board of Education, 308 N. Fifth Street, Bardstown, Kentucky 40004 Telephone (502) 331 -8800.

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

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

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

Original Issue Premium

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

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

Original Issue Discount

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

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

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

COVID-19

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

APPENDIX A

**Bardstown Independent School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2022**

Demographic and Economic Data

BARDSTOWN, KENTUCKY

Bardstown, the county seat of Nelson County and home of My Old Kentucky Home, is located in the outer Bluegrass Region of Central Kentucky. Bardstown is located 47 miles south of Louisville, Kentucky, 61 miles west of Lexington, Kentucky; and 154 miles northeast of Nashville, Tennessee. Bardstown had an estimated population of 13,731 in 2022.

Nelson County, with a topography that varies from nearly flat to rolling hills, covers a total land area of 423 square miles. Nelson County had an estimated 2022 population of 47,571 persons.

The Economic Framework

In 2022, Bardstown had a labor force of 6,866 people. The top 4 jobs by occupation were as follows: sales - 1,468 (14.03%); office and administrative support - 1,376 (13.15%); production workers - 985 (9.41%); executive, managers, and administrators - 878 *8.39%); and food preparation, serving - 612 (5.85%).

Transportation

Highways serving Bardstown include the Blue Grass Parkway, U.S. Highway 62, U.S. 31E, U.S. 150, Kentucky 49 and Kentucky Highway 245. Interstate 65 is accessible 17 miles northwest of Bardstown via Kentucky 245. Twenty-one common carrier trucking companies provide interstate and/or intrastate service to Nelson County. Rail service is provided to Bardstown by the R.J. Corman Railroad Corporation. Samuels Field, two miles west of Bardstown, maintains a 4,000-foot paved runway. The nearest scheduled commercial airline service is available at Louisville International Airport, 41 miles north of Bardstown.

Power and Fuel

Electric power is provided to Bardstown by the Bardstown Municipal Electric Department. Nelson County is provided electric power by Kentucky Utilities Company and Salt River Electric Cooperative Corporation. Natural gas is provided to Bardstown by the Louisville Gas & Electric Company.

Education

Primary and secondary education is provided by the Bardstown Independent School System, the Nelson County and Bethlehem High School. Parochial schools available in Nelson County include one high school and five elementary schools. Eighteen institutions of higher learning are located within 60 miles of Bardstown. The Nelson County Area Technology Center provides secondary technical training. The nearest technical college providing post-secondary technical training is the Elizabethtown Technical College.

LOCAL GOVERNMENT

Structure

Bardstown is served by a mayor and six council members. The mayor is elected a four-year term and six council members to serve two-year terms. Nelson County is served by a county judge/executive and five magistrates. Each county official is elected to a four-year term.

Planning and Zoning

Joint agency - Joint City-County Planning Commission of Nelson County
Participating Cities-Bardstown, Bloomfield, Fairfield and New Haven
Zoning enforced - All areas
Subdivision regulations enforced - All areas
Local codes enforced - Building and housing within corporate limits of Bardstown
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 Bardstown levies a business license fee that ranges from \$10 to \$500 per year, depending upon the type of business. The annual business license fee is \$125 for manufacturing.

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. A 15% reduction is automatically granted for accounts receivable.

LABOR MARKET STATISTICS

The Bardstown Labor Market Area includes Nelson County and the adjoining Kentucky counties of Anderson, Bullitt, Hardin, Jefferson, Larue, Marion, Spencer and Washington.

Population

<u>Area</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bardstown	11,969	13,313	13,731
Nelson County	46,224	46,876	47,571

Source: Kentucky Cabinet for Economic Development.

EDUCATION

Public Schools

	<u>Bardstown Independent</u>	<u>Nelson County</u>
Total Enrollment (2021-22)	2,394	4,311
Pupil-Teacher Ratio (2021-22)	14- 1	17 - 1

Vocational Training

Ky Tech Schools are operated by the Cabinet for Workforce Development and provide secondary (Sec) and post-secondary (P/S) vocational-technical training.

<u>Vocational School</u>	<u>Location</u>	<u>Enrollment 2021-22</u>
Nelson County ATC	Bardstown, KY	754
Bullitt County ATC	Shepardsville, KY	504
Marion County ATC	Lebanon, KY	649
Shelby County ATC	Shelbyville, KY	412
Green County ATC	Greensburg, KY	283
Meade County College & Career Center	Brandenburg, KY	474
Casey County ATC	Liberty, KY	390
Lincoln County ATC	Stanford, KY	241
Garrard County ATC	Lancaster, KY	308
Breckinridge County ATC	Harned, KY	524
Lake Cumberland ATC	Russell Springs, KY	777
Four Rivers Career Academy	Frankfort, KY	189

Source: Kentucky Department of Education

Training Resources

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

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

Information on other customized training, assessment services and adult education services can be obtained by contacting the local economic development agency.

Colleges and Universities

<u>School Name</u>	<u>Location</u>	<u>Undergraduate Enrollment Fall 2021</u>
Bellarmine University	Louisville, KY	2,407
University of Louisville	Louisville, KY	15,634
Campbellsville University	Campbellsville, KY	5,880
Centre College	Danville, KY	1,320
Kentucky State University	Frankfort, KY	2,135
Asbury University	Wilmore, KY	1,472
Midway University	Midway, KY	1,618
Transylvania University	Lexington, KY	971
University of Kentucky	Lexington, KY	21,900
Georgetown College	Georgetown, KY	1,259
Spalding University	Louisville, KY	855
Sullivan University	Louisville, KY	2,625
Lindsey Wilson College	Columbia, KY	1,750

Source: U.S. News & World Report

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Number Employed</u>
<i>Bardstown:</i>		
AA Machine Inc.	Industrial machine parts	8
B & G Machine Inc.	Machine shop: lathe & mill work	12
Bardstown Bourbon Co.	Full-scale industrial distilled spirits bottling facility	N/A
Boone's Abattoir Inc.	Ham, sausage, bacon & meat slaughtering and processing	39
Demipac Inc.	Plastic packaging	20
GBA Office Solutions	Offset & letterpress printing	7
HEC Manufacturing Inc.	Custom structural steel fabricating	37
Kentucky Bourbon Distillers Ltd.	Bourbon whiskey	31
Legacy Mold & Tool Inc.	Tool & die	2
Mago Construction Co LLC	Ashphalt & asphalt products, crushed stone, surface & bituminous concrete	90
Mike's Woodworking	Cabinets, vanities	28
MST Steel Corp. of KY	Slitting & cold-reduction of steel coil	15
Preservation Distillery	Pot-distilling, small production bourbon & whiskey	3
Strong Spirits Inc.	Contract bottling of distilled spirits	15
Willett Distillery	Bourbon & rye whiskey distillery	35

Source: Kentucky Cabinet for Economic Development (01/08/2020)

APPENDIX B

**Bardstown Independent School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2022**

Audited Financial Statement ending June 30, 2021

Bardstown Independent School District

**Audited Financial Statements
and Required Supplementary Information**

June 30, 2021

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SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee of School District Audits
Members of the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

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 Bardstown 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 District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the 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 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 Bardstown Independent School District as of June 30, 2021, and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the respective budgetary comparison for the General Fund and the Special Revenue Fund and Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 4-11 and 55-65 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 Bardstown Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditure 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 schedule of expenditures of federal awards, combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2021, on our consideration of Bardstown 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 Bardstown 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 District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 12, 2021

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

As management of the Bardstown Independent School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit. The reporting model is a combination of both government-wide financial statements and fund financial statements.

FINANCIAL HIGHLIGHTS

- The ending cash and cash equivalents balance for the District was \$18.9 million with \$14.8 million in unspent bond proceeds in the Construction Fund. The District issued bonds of \$23.6 million in August 2020 to finance the construction of the new elementary school on Templin Avenue.
- Local tax was levied at the three percent rate increase of 83.7 cents per \$100 for real estate and 85 cents tangible property. No change was made in the motor vehicle tax at 53.1 cents per \$100 of assessed property.
- From fiscal year 2020 to 2021, total revenues from governmental activities increased approximately \$.835 million primarily due to increased tax revenues (\$.590 million) and while state grant revenues increased (\$.191 million). Charges for services decreased \$.300 million but operating grants increased \$.243 to help offset that loss during COVID closings.
- The District adopted a \$27.1 million general fund budget in September 2021 for the 2022 fiscal year with 9.6% of the budgeted expenses set aside for contingency.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as 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 in which they are earned while expenses are recognized in the period in which the liability incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The government-wide financial statements can be found on pages 12 through 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform system and chart of accounts for all Kentucky public school Districts utilizing the MUNIS administrative

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are food service, day care operations, and adult education. All other activities of the District are included in the governmental funds.

The fund financial statements can be found on pages 14 through 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 - 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The District’s assets plus deferred outflows of resources were less than liabilities plus deferred inflows of resources by \$10.1 million as of June 30, 2021 compared to a deficit of \$11.3 million as of June 30, 2020. This shortfall is caused primarily by the balances related to pensions and OPEB which will require additional resources in the future. Total net position increased \$1.22 million in fiscal year 2021 as the District continued to manage pandemic related concerns.

The net pension and OPEB liabilities represents the District’s proportionate share of the collective liability for District employees who participate in the CERS statewide cost-sharing defined benefit pension and OPEB plans. In addition, the District must recognize its proportionate share of the net OPEB liability in the KTRS system. The net pension liability increased from \$12.7 million in 2020 to \$13.4 million in 2021, primarily because local governments are phasing in contribution increases imposed in 2017. The CERS insurance funds are funded at higher ratios, but the OPEB liabilities also increased from \$3.0 million in 2020 to \$4.3 million in 2021. TRS OPEB plans improved their funding ratios and the TRS OPEB liabilities decreased from \$6.7 million in 2020 to \$6.0 million in 2021.

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

Net Position

The 2021 Government-wide net position compared to 2020 is as follows:

Net Position, June 30 (Table 1)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 19,742,137	\$ 2,734,256	\$ 187,813	\$ 56,229	\$ 19,929,950	\$ 2,790,485
Capital assets	35,413,077	27,583,937	123,016	192,958	35,536,093	27,776,895
Total assets	<u>55,155,214</u>	<u>30,318,193</u>	<u>310,829</u>	<u>249,187</u>	<u>55,466,043</u>	<u>30,567,380</u>
Deferred Outflows-Pensions	1,918,675	2,369,666	550,125	652,644	2,468,800	3,022,310
Deferred Outflows-OPEB	2,993,195	1,953,172	438,161	262,190	3,431,356	2,215,362
Deferred Outflows-Refunding	33,740	41,850	-	-	33,740	41,850
Total Deferred Outflows	<u>4,945,610</u>	<u>4,364,688</u>	<u>988,286</u>	<u>914,834</u>	<u>5,933,896</u>	<u>5,279,522</u>
Long-term liabilities	41,568,109	20,162,801	39,038	20,972	41,607,147	20,183,773
Net pension liabilities	10,616,408	9,924,604	3,043,945	2,733,400	13,660,353	12,658,004
Net OPEB liabilities	9,304,124	9,105,853	958,256	653,522	10,262,380	9,759,375
Intangible asset lease liabilities	473,370	614,243	74,020	135,738	547,390	749,981
Other liabilities	1,683,354	582,891	25,343	8,138	1,708,697	591,029
Total liabilities	<u>63,645,365</u>	<u>40,390,392</u>	<u>4,140,602</u>	<u>3,551,770</u>	<u>67,785,967</u>	<u>43,942,162</u>
Deferred Inflows-Pensions	239,093	399,049	68,553	109,904	307,646	508,953
Deferred Inflows-OPEB	3,203,534	2,475,609	189,676	232,895	3,393,210	2,708,504
Total Deferred Inflows	<u>3,442,627</u>	<u>2,874,658</u>	<u>258,229</u>	<u>342,799</u>	<u>3,700,856</u>	<u>3,217,457</u>
Net position:						
Net investment in capital assets	9,547,454	7,194,317	48,996	57,220	9,596,450	7,251,537
Restricted	13,974,564	-	123,431	27,119	14,097,995	27,119
Unrestricted	(30,509,186)	(15,776,486)	(3,272,143)	(2,814,887)	(33,781,329)	(18,591,373)
Total Net Position	<u>\$ (6,987,168)</u>	<u>\$ (8,582,169)</u>	<u>\$ (3,099,716)</u>	<u>\$ (2,730,548)</u>	<u>\$ (10,086,884)</u>	<u>\$ (11,312,717)</u>

The following are significant current year transactions impacting the Statement of Net Position:

- Capital assets increased with additional construction on the new elementary school and the football field turf replacement projects that were started in FY 2020. Other capital projects include district-wide Chromebook initiative and phone system.
- The District paid \$1.6 million on the revenue bond debt and \$.109 million on the financed bus purchases. The District also borrowed \$100,866 for a new bus. Also, the District paid the final \$10,044 on the claim related to outstanding claims of the Kentucky School Boards Insurance Trust (KSBIT).
- The District issued new revenue bonds of \$23.6 million to finance the construction of the new elementary school. \$13.9 million remained in unspent bond funds at June 30, 2021, which is not included in the net investment in capital assets until construction is completed. Unspent bond funds are reported as Restricted in the statement of net position.
- With these changes, the net investment in capital assets increased \$2.353 million.
- Deferred outflows of resources related to pensions (\$2.7 million) decreased as variances from previous years were amortized. Deferred inflows of resources related to pensions (\$.3 million) decreased as additional differences between actual and estimated experience were lower than in prior years. These changes include the amortization of prior year balances in these deferred amounts.
- Deferred inflows of resources for CERS OPEB plans (\$.8 million) decrease while TRS (\$2.5 million) increased because of differences between actual and expected experience that were higher than amounts recognized in previous years. Like the deferred outflows, the changes in deferred inflows include the amortization of amounts recognized in previous years. More information about these changes is discussed in Note H for the retirement

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

plans and Note Q for the OPEB plans, beginning on page 35 of this report and in the Required Supplementary Information beginning on page 58.

- Cash increased from \$2.8 million to \$19.9 million after the District issued new bonds to finance the construction project for a new elementary school and the construction fund repaid advances from the General Fund.
- Tax receivables decreased from \$75,753 to \$52,722 as the District continued efforts to collect delinquent tax bills.

Change in Net Position

Table 2 presents the summary of changes in net position for the fiscal years ending June 30, 2021 and 2020.

Changes in Net Position
Operating Results for the Year Ended June 30, (Table 2)

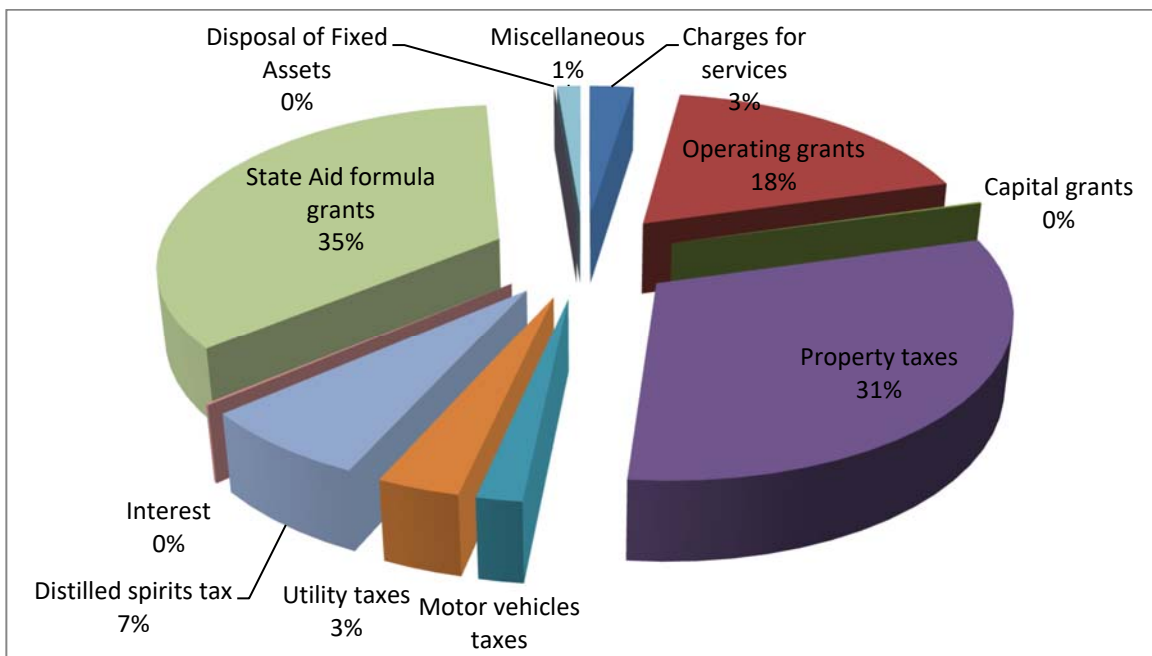
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 301,318	\$ 610,525	\$ 449,973	\$ 681,828	\$ 751,291	\$ 1,292,353
Operating grants	3,825,552	3,582,335	1,696,723	1,474,076	5,522,275	5,056,411
Capital grants	50,988	76,299	-	-	50,988	76,299
General revenues:						
Property taxes	9,474,035	9,131,070	-	-	9,474,035	9,131,070
Motor vehicles taxes	550,173	418,872	-	-	550,173	418,872
Utility taxes	993,838	917,580	-	-	993,838	917,580
Distilled spirits tax	2,120,465	2,080,681	-	-	2,120,465	2,080,681
Interest and investment earnings	48,301	57,248	3	-	48,304	57,248
State Aid formula grants	10,693,634	10,502,440	-	-	10,693,634	10,502,440
Unrestricted federal aid	418,111	377,230	-	-	418,111	377,230
Gain(Loss) on disposal of fixed assets	1,360	(4,466)	-	-	1,360	(4,466)
Insurance recovery	-	16,920	-	-	-	16,920
Miscellaneous	395,901	271,619	-	5,200	395,901	276,819
Total Revenues	28,873,676	28,038,353	2,146,699	2,161,104	31,020,375	30,199,457
Program Expenses:						
Instruction	15,610,147	16,666,164	-	-	15,610,147	16,666,164
Support Services						
Student	1,773,374	1,629,231	-	-	1,773,374	1,629,231
Instruction staff	681,575	820,154	-	-	681,575	820,154
District administration	898,203	946,170	-	-	898,203	946,170
School administration	1,398,033	1,490,020	-	-	1,398,033	1,490,020
Business	912,764	816,917	-	-	912,764	816,917
Plant operation and maintenance	3,206,546	3,244,887	-	-	3,206,546	3,244,887
Student transportation	1,124,981	1,345,596	-	-	1,124,981	1,345,596
Adult education	58,422	47,873	-	-	58,422	47,873
Community service activities	266,351	248,967	-	-	266,351	248,967
Food service	170,796	90,453	1,851,606	1,621,074	2,022,402	1,711,527
Child care	165,099	91,012	735,763	1,236,732	900,862	1,327,744
Interest on long-term debt	940,883	610,538	-	-	940,883	610,538
Total Expenses	27,207,174	28,047,982	2,587,369	2,857,806	29,794,543	30,905,788
Excess (deficiency) before transfers and special items	1,666,502	(9,629)	(440,670)	(696,702)	1,225,832	(706,331)
Transfers	(71,502)	(291,614)	71,502	291,614	-	-
Net increase (decrease) in net position	\$ 1,595,000	\$ (301,243)	\$ (369,168)	\$ (405,088)	\$ 1,225,832	\$ (706,331)

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

The following are significant current year transactions impacting the Changes in Net Position:

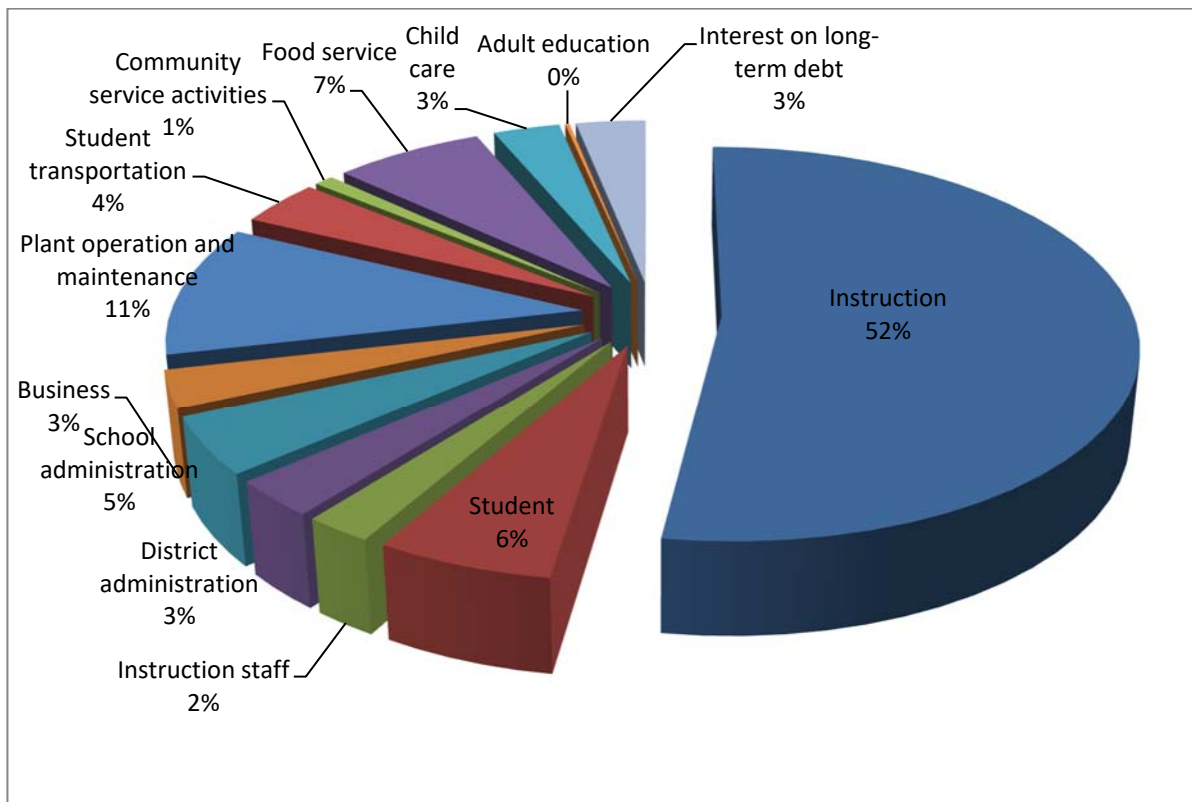
- In-person classes resumed August 24, 2020 when the COVID-19 restrictions were eased under a Healthy-At-School Calendar. Families were offered an in-person learning option beginning September 8th, followed by non-traditional learning (NTI) resuming October 26th. In-person learning resumed January 11, 2021. NTI days were utilized for inclement weather throughout the late winter and to vaccinate staff. These variances in scheduling impacted revenues and expenditures in a unique way. Additional resources from the Federal Cares Act were shared with the District to help offset additional costs.
- TRS of Ky continues to report negative pension expense reflecting the impact of revising the discount rate for the 2018 measurement. For the District’s FY2021, this adjustment decreased both operating grant revenues and instruction benefits by \$6.8 million.
- Property taxes increased from \$9.1 million to \$9.5 million with the growth of real property assessments within the school taxing District.
- Interest on long-term debt increased \$330,345 with the additional interest expense on the new bond issue and the normal interest rate increases on other outstanding bond issues.
- Grant revenues showed only modest increases from fiscal year 2020 (\$449,981) with the following underlying issues:
 - \$45,998 in the cash on-behalf payments
 - \$40,882 in Federal Medicaid reimbursements
 - \$251,655 in restricted state revenue (new grants - School Based Mental Health \$43,095 and Safe Schools SB 1 \$68,620)

The following provides a breakdown of total primary government revenues for the year ending June 30, 2021:



BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

The following provides a breakdown of total primary government expenses for the year ending June 30, 2021:



ANALYSIS OF THE DISTRICT’S FUNDS

Governmental Funds

The General Fund ended FY 2021 with an increase in fund balance of \$1,985,924. Total revenues were higher than expenditures by \$730,910 with increased income from Motor Vehicle tax, On-Behalf payments, Medicaid Reimbursement program. Other financing resources added another \$1,255,014 to the General Fund, primarily from a transfer from Construction to repay construction advances in FY 2020. The net result was an increase to fund balance of \$1,985,924. The ending fund balance for General Fund represents 14.7% of the total expenditures, or a balance that would cover about 1.76 months of operations. This ratio is an increase over the 9.77% ratio in FY 2020 as the adjusted fund balance increased from \$2.8 million to \$4.0 million in FY 2021. At June 30, 2021, the General Fund is reporting an Assigned Fund Balance of \$1.3 million to finance a portion of the FY 2022 budget.

The Special Revenue fund reports a variety of state and federal grants and usually reports a zero carryover in fund balance. As of June 30, 2021, this grant fund also reported accounts receivable from federal grants of \$745,994 and a liability for grant advances of \$186,083 (for grant funds that have not yet been expended for the allowable grant programs.)

The Construction Fund has been reported as a major fund in this report with the significant capital improvements anticipated for FY2021 and reported in FY2019. Expenditures for the construction of the new elementary school included \$8.6 million and a transfer back to General for \$868,533 to repay advances from 2020 were financed with a new bond issue of \$23.6 million. \$14.6 remains in cash to cover accounts payable of \$1.2 million and the final construction costs. The new elementary school is projected to open spring 2022.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

Proprietary Funds

The District’s proprietary funds include the Food Service and Child Care funds. A portion of the pension and OPEB balances were allocated to Food Service and Child Care based on the covered payroll in each of those departments.

Food Service operations for the year ended with a deficit of \$282,311 and unrestricted net position decreased from a deficit of \$1.478 million to a deficit of \$1.760 million. Most of this decrease occurred because the costs of pension and OPEB benefits continue to exceed the lunchroom sales and federal and state grants for the District’s food service programs. Revenues decreased from \$158,698 in FY 2020 to \$7,692 in FY 2021 because the COVID shutdown in 2020. Operating expenses increased from \$1.6 million to \$1.9 million mostly because the pension and OPEB costs continued to increase. This program benefits from federal grants of \$1.3 million, which was \$.3 million higher than the grants received in FY2020.

The Child Care operations provide staff childcare for infant thru two years and wrap-around childcare for school age children, up to grade 6. This fund ended the fiscal year with an operating deficit of \$86,857 and a deficit in net position of \$1,339,262, including the effects of pension and OPEB balances. Revenues decreased slightly, but salaries and wages decreased from \$1,080,115 to \$665,200 because federal COVID relief funds were used to supplement the program cost which were designated to Fund 2 Grants instead of Fund 52 Child Care.

GENERAL FUND – BUDGET HIGHLIGHTS

The School 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 balanced budget with the budgeted “ending fund balance” shown as a contingency expense in the budget process and prior year carryover fund balance included in revenues.

For the General Fund, revenues were budgeted at approximately \$27.8 million in the original budget and \$27.2 million in the final amended budget. Actual revenues were \$27.7 million with most of the positive variance in property taxes and federal grants. Budgeted expenditures of \$29.5 in the original budget and \$29.3 million in the final amended budget compare with actual expenditures of \$27.0 million. The most significant variances are found in instruction, student support, and school administrative departments due to decrease in expenditures because of the COVID-19 pandemic. Part of the variance is also attributed to on-behalf payments that are not included in the District’s budget planning because the revenues equal the expenditures and the amounts for this portion of State funding is not available until year-end.

CAPITAL ASSETS

At the end of fiscal year 2021, the School District had approximately \$27.8 million invested in land, building and improvements, vehicles, equipment, and construction in process. Table 3 shows fiscal year 2020 and 2019 balances. 2019 balances have been restated to include the right-to-use leased assets that were recognized with the implementation of GASBS No. 87, Leases, in FY 2020.

Capital Assets, Net of Depreciation (Table 3)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,383,461	\$ 3,383,461	\$ -	\$ -	\$ 3,383,461	\$ 3,383,461
Land improvements	268,356	283,490	-	-	268,356	283,490
Buildings and improvements	20,248,681	20,738,822	-	-	20,248,681	20,738,822
Technology equipment	726,469	164,312	-	-	726,469	164,312
Vehicles	576,270	614,877	3,152	4,233	579,422	619,110
General equipment	332,502	323,930	50,493	59,893	382,995	383,823
Construction in progress	9,491,190	1,578,569	-	-	9,491,190	1,578,569
Intangible right-to-use leased equipment	386,147	496,475	-	-	386,147	496,475
Intangible right-to-use building	-	-	69,371	128,832	69,371	128,832
Total	\$ 35,413,076	\$ 27,583,936	\$ 123,016	\$ 192,958	\$ 35,536,092	\$ 27,776,894

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

The following were major additions and capital assets placed in service during fiscal year 2021:

- Construction on a new elementary school continued in 2021.
- A new bus was purchased that will be delivered in late July 2021.
- Other capital additions include an initiative to provide a Chromebook to each student for at home instruction during the pandemic, a new phone system district wide, a sensasoft playhouse at BES, upgraded handicap ramp at BHS, new mower and pole vault mat.

LONG-TERM BONDED DEBT

At June 30, 2021, the School District had \$41.3 million in bonds outstanding. Of this amount, \$1,229,862 will be paid by the Kentucky School Facility Construction Commission. A total of \$1,698,777 is due from District funds within one year. In addition, the District owes \$555,594 for financed bus purchases, with \$110,372 due in FY 2022. Remaining balances on the copier lease liabilities recognized in FY 2020 are \$473,370 with \$147,437 due in FY 2022. The remaining balance on the building lease recognized in FY 2020 is \$74,020 with \$63,311 due in FY 2022.

ECONOMIC FACTORS AND FY 2021 BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e. some federal, operate on a different fiscal year, but are reflected in the District overall June 30 fiscal year budget. By law the budget must have a minimum 2% contingency. The District adopted a budget 2020-2021 that includes a contingency of 3.1%. However, the District expects that fund balance in the General Fund will decrease in FY 2022 from \$3.9 million to \$2.6 million.

The District is moving forward with the construction of a new elementary school on the Templin Avenue property, with a proposed completion date of spring 2022.

The most significant challenge facing the District will be the continued funding of the pension and OPEB liabilities. CERS anticipates that employer contribution rates will continue to increase, but those increases are limited to 12% over the next 2 to 3 years and will then level off as the funded status improves. The funded status at TRS of Kentucky continues to improve as investment performance exceeds actuarial assumptions.

Local tax for the 2021 school year was levied in September 2021 at 83.6 cents per \$100 for real estate and 85.5 cents tangible property. No change was made in the motor vehicle tax at 53.1 cents per \$100 of assessed property.

ADDITIONAL CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions regarding this report or requests for additional information should be directed to Tracey Rogers, Director of Finance, 308 North Fifth Street, Bardstown, Kentucky, 40004, (502) 331-8800.

FINANCIAL STATEMENTS

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2021**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Current Assets			
Cash and Cash Equivalents	\$ 18,855,921	\$ 23,303	\$ 18,879,224
Inventory	-	32,739	32,739
Accounts Receivable			
Taxes - current	10,497	-	10,497
Taxes - delinquent	42,225	-	42,225
Other	87,500	5,108	92,608
Intergovernmental - indirect Federal	745,994	126,663	872,657
Total Current Assets	<u>19,742,137</u>	<u>187,813</u>	<u>19,929,950</u>
Capital Assets - Net			
Construction in Progress	9,491,190	-	9,491,190
Land	3,383,461	-	3,383,461
Net Depreciable Capital Assets	22,152,279	53,645	22,205,924
Net Intangible Right-to-Use Assets	386,147	69,371	455,518
	<u>35,413,077</u>	<u>123,016</u>	<u>35,536,093</u>
Total Assets	\$ <u>55,155,214</u>	\$ <u>310,829</u>	\$ <u>55,466,043</u>
Deferred Outflows of Resources			
Deferred amount on refunding	\$ 33,740	\$ -	\$ 33,740
Proportionate share of deferred outflows of resources - Pension & OPEB	3,639,780	742,257	4,382,037
OPEB & Pension Contributions made after the measurement date	1,272,090	246,029	1,518,119
Total Deferred Outflows of Resources	\$ <u>4,945,610</u>	\$ <u>988,286</u>	\$ <u>5,933,896</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 1,280,971	\$ 10,904	\$ 1,291,875
Accrued salaries and benefits payable	44,191	-	44,191
Grant Advances	186,083	-	186,083
Interest payable	172,108	-	172,108
Current portion of bond obligations	1,740,241	-	1,740,241
Current portion of financed purchases	110,372	-	110,372
Current portion of accrued sick leave	65,459	14,439	79,898
Total Current Liabilities	<u>3,599,425</u>	<u>25,343</u>	<u>3,624,768</u>
Noncurrent Liabilities			
Noncurrent portion of bond obligations	39,029,833	-	39,029,833
Noncurrent portion of financed purchases	445,222	-	445,222
Noncurrent portion of accrued sick leave	176,983	39,038	216,021
Lease liabilities	473,370	74,020	547,390
Net OPEB liability - CERS	3,342,124	958,256	4,300,380
Net OPEB liability - KTRS	5,962,000	-	5,962,000
Net pension liability - CERS	10,616,408	3,043,945	13,660,353
Total Noncurrent Liabilities	<u>60,045,940</u>	<u>4,115,259</u>	<u>64,161,199</u>
Total Liabilities	<u>63,645,365</u>	<u>4,140,602</u>	<u>67,785,967</u>
Deferred Inflows of Resources			
Proportionate share of deferred inflows of resources - Pension & OPEB	3,442,627	258,229	3,700,856
Total Deferred Inflows of Resources	\$ <u>3,442,627</u>	\$ <u>258,229</u>	\$ <u>3,700,856</u>
Net Position			
Net investment in capital assets	9,547,454	48,996	9,596,450
Restricted for:			
Construction	13,974,564	-	13,974,564
Food Service	-	123,431	123,431
Unrestricted	(30,509,186)	(3,272,143)	(33,781,329)
Total Net Position	\$ <u>(6,987,168)</u>	\$ <u>(3,099,716)</u>	\$ <u>(10,086,884)</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE 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	Governmental Activities	Business-Type Activities	TOTAL
Governmental Activities:							
Instruction	\$ (15,610,147)	\$ 301,318	\$ 3,812,808	\$ -	\$ (11,496,021)	\$ -	\$ (11,496,021)
Support Services:							
Student	(1,773,374)	-	-	-	(1,773,374)	-	(1,773,374)
Instruction staff	(681,575)	-	-	-	(681,575)	-	(681,575)
District administration	(898,203)	-	-	-	(898,203)	-	(898,203)
School administrative	(1,398,033)	-	-	-	(1,398,033)	-	(1,398,033)
Business	(912,764)	-	-	-	(912,764)	-	(912,764)
Plant operating and maintenance	(3,206,546)	-	-	-	(3,206,546)	-	(3,206,546)
Student transportation	(1,124,981)	-	12,744	-	(1,112,237)	-	(1,112,237)
Food service (COVID costs)	(170,796)	-	-	-	(170,796)	-	(170,796)
Day Care (COVID costs)	(165,099)	-	-	-	(165,099)	-	(165,099)
Adult Education	(58,422)	-	-	-	(58,422)	-	(58,422)
Community service activities	(266,351)	-	-	-	(266,351)	-	(266,351)
Interest on Long-Term Debt & Bond Issuance Fees	(940,883)	-	-	50,988	(889,895)	-	(889,895)
Total Governmental Activities	<u>(27,207,174)</u>	<u>301,318</u>	<u>3,825,552</u>	<u>50,988</u>	<u>(23,029,316)</u>	<u>-</u>	<u>(23,029,316)</u>
Business-Type Activities							
Food service	(1,851,606)	7,791	1,561,502	-	-	(282,313)	(282,313)
Child care	(735,763)	442,182	135,221	-	-	(158,360)	(158,360)
Total Business-Type Activities	<u>(2,587,369)</u>	<u>449,973</u>	<u>1,696,723</u>	<u>-</u>	<u>-</u>	<u>(440,673)</u>	<u>(440,673)</u>
Total Primary Government	<u>\$ (29,794,543)</u>	<u>\$ 751,291</u>	<u>\$ 5,522,275</u>	<u>\$ 50,988</u>	<u>\$ (23,029,316)</u>	<u>\$ (440,673)</u>	<u>\$ (23,469,989)</u>
			General Revenues:				
			Taxes:				
			Property taxes	\$ 9,474,035	\$ -	\$ 9,474,035	
			Motor vehicle taxes	550,173	-	550,173	
			Utility taxes	993,838	-	993,838	
			Distilled spirits tax	2,120,465	-	2,120,465	
			Investment Income	48,301	3	48,304	
			State aid formulas	10,693,634	-	10,693,634	
			Unrestricted federal aid	418,111	-	418,111	
			Gain (Loss) on disposal of fixed assets	1,360	-	1,360	
			Insurance recovery	-	-	-	
			Miscellaneous	395,902	-	395,902	
			Transfers	(71,502)	71,502	-	
			Total General Revenues	<u>24,624,317</u>	<u>71,505</u>	<u>24,695,822</u>	
			Change in Net Position		1,595,001	(369,168)	1,225,833
			Net Position June 30, 2020		(8,582,169)	(2,730,548)	(11,312,717)
			Net Position June 30, 2021		<u>\$ (6,987,168)</u>	<u>\$ (3,099,716)</u>	<u>\$ (10,086,884)</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>NonMajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 3,428,956	\$ -	\$ 14,750,316	\$ 676,649	\$ 18,855,921
Receivables:					
Accounts receivable	86,279	-	-	1,222	87,501
Taxes receivable - current	10,497	-	-	-	10,497
Taxes receivable - delinquent	42,225	-	-	-	42,225
Intergovernmental - Indirect Federal	-	745,994	-	-	745,994
Due from other funds	557,514	-	-	-	557,514
Total assets	<u>\$ 4,125,471</u>	<u>\$ 745,994</u>	<u>\$ 14,750,316</u>	<u>\$ 677,871</u>	<u>\$ 20,299,652</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 80,285	\$ 2,397	\$ 1,183,099	\$ 15,189	\$ 1,280,970
Accrued liabilities	44,191	-	-	-	44,191
Due to other funds	-	557,514	-	-	557,514
Grant advances	-	186,083	-	-	186,083
Total liabilities	<u>124,476</u>	<u>745,994</u>	<u>1,183,099</u>	<u>15,189</u>	<u>2,068,758</u>
Deferred Inflows of Resources					
Unavailable revenues	45,360	-	-	-	45,360
Fund Balances:					
Restricted	-	-	13,567,217	407,347	13,974,564
Committed	-	-	-	255,335	255,335
Assigned	1,333,337	-	-	-	1,333,337
Unassigned	2,622,298	-	-	-	2,622,298
Total fund balances	<u>3,955,635</u>	<u>-</u>	<u>13,567,217</u>	<u>662,682</u>	<u>18,185,534</u>
			\$		
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,125,471</u>	<u>\$ 745,994</u>	<u>\$ 14,750,316</u>	<u>677,871</u>	<u>\$ 20,299,652</u>

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

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

Total Governmental Fund Balances		\$ 18,185,534
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		
		35,413,074
Deferred outflows of resources and deferred inflows of resources related to the District's proportionate share of these amounts reported by the CERS pension plan are reported in the governmental activities in the Statement of Net Position		
Deferred outflows of resources - pension contributions to CERS made after the measurement date	688,316	
Deferred outflows of resources - OPEB contributions to CERS made after the measurement date	169,761	
Deferred outflows of resources - OPEB contributions to TRS made after the measurement date	414,013	
Deferred outflows of resources - other CERS pension factors	1,230,359	
Deferred outflows of resources - other CERS OPEB factors	1,358,421	
Deferred outflows of resources - other TRS OPEB factors	1,051,000	
Deferred inflows of resources - CERS pension factors	(239,093)	
Deferred inflows of resources - CERS OPEB factors	(661,534)	
Deferred inflows of resources - TRS OPEB factors	(2,542,000)	
		1,469,243
Certain liabilities and deferred inflows are not reported in this fund statement because they are not due and payable, but they are presented in the Statement of Net Position		
Bonds payable	(41,282,055)	
Bond discount	511,982	
Financed purchase obligations	(555,594)	
Intangible asset lease liabilities	(473,370)	
Deferred outflows of resources - refunding	33,740	
Accrued interest	(172,108)	
Unavailable property taxes	45,360	
Proportionate share of net pension liability - CERS	(10,616,408)	
Proportionate share of net OPEB liability - CERS	(3,342,124)	
Proportionate share of net OPEB liability - KTRS	(5,962,000)	
Accrued sick leave	(242,442)	(62,055,019)
Net Position of Governmental Activities		\$ <u><u>(6,987,168)</u></u>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
From local sources:					
Taxes:					
Property	\$ 7,335,670	\$ -	\$ -	\$ 2,155,704	\$ 9,491,374
Motor vehicle	550,173	-	-	-	550,173
Utilities	993,838	-	-	-	993,838
Distilled spirits tax	2,120,465	-	-	-	2,120,465
Tuition and fees	128,238	-	-	173,080	301,318
Earnings on investments	5,540	62	42,699	-	48,301
Other local revenues	120,184	74,239	-	201,478	395,901
Intergovernmental - state	16,053,017	1,579,942	-	935,067	18,568,026
Intergovernmental - indirect federal	418,111	2,792,318	-	-	3,210,429
Total revenues	<u>27,725,236</u>	<u>4,446,561</u>	<u>42,699</u>	<u>3,465,329</u>	<u>35,679,825</u>
Expenditures					
Current					
Instruction	16,573,818	2,882,967	-	490,648	19,947,433
Support services:					
Student	2,300,883	65,037	-	-	2,365,920
Instruction staff	874,591	48,795	-	37,011	960,397
District administration	1,136,607	85,740	-	-	1,222,347
School administrative	1,828,295	700	-	-	1,828,995
Business	839,455	3,009	-	-	842,464
Plant operation and maintenance	2,076,696	72,379	-	-	2,149,075
Student transportation	899,953	5,991	-	316	906,260
Food Service (COVID costs)	-	170,796	-	-	170,796
Child Care (COVID costs)	-	165,099	-	-	165,099
Adult education	58,422	-	-	-	58,422
Community service activities	49,364	200,838	-	-	250,202
Capital Outlay	159,716	658,584	8,633,869	-	9,452,169
Debt service - principal	144,604	-	-	1,601,589	1,746,193
Debt service - interest	49,056	2,743	-	666,957	718,756
Debt service - issuance costs	2,866	-	-	-	2,866
Total Expenditures	<u>26,994,326</u>	<u>4,362,678</u>	<u>8,633,869</u>	<u>2,796,521</u>	<u>42,787,395</u>
Excess (Deficit) of Revenues over Expenditures	<u>730,910</u>	<u>83,883</u>	<u>(8,591,170)</u>	<u>668,808</u>	<u>(7,107,570)</u>
Other Financing sources (uses)					
Proceeds from sale of bonds	-	-	23,590,000	-	23,590,000
Proceeds of Financed Purchases	100,866	-	-	-	100,866
Intangible asset leases	-	-	-	-	-
Bond discount and fees	-	-	(563,081)	-	(563,081)
Proceeds from sale of fixed assets	7,226	-	-	-	7,226
Insurance recovery	-	-	-	-	-
Operating transfers in	1,352,031	46,456	-	2,379,017	3,777,504
Operating transfers out	(205,109)	(130,338)	(868,533)	(2,645,026)	(3,849,006)
Total other financing sources (uses)	<u>1,255,014</u>	<u>(83,882)</u>	<u>22,158,387</u>	<u>(266,009)</u>	<u>23,063,509</u>
Net change in fund balances	1,985,924	-	13,567,217	402,799	15,955,940
Fund Balance June 30, 2020	<u>1,969,711</u>	<u>-</u>	<u>-</u>	<u>259,883</u>	<u>2,229,594</u>
Fund Balance June 30, 2021	<u>\$ 3,955,635</u>	<u>\$ -</u>	<u>\$ 13,567,217</u>	<u>\$ 662,682</u>	<u>\$ 18,185,534</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 15,955,940

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

Capital outlays are reported as expenditures in the fund financial statement because they are 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 depreciation expense exceeds capital outlays for the year.

Capital expenditures	9,452,169	
Amortization of intangible right-to-use assets	(110,328)	
Adjust sale of equipment to accrual basis	(5,866)	
Depreciation	<u>(1,506,835)</u>	7,829,140

Proceeds from long-term debt are reported as revenues in the fund statements because they create current financial resources, but they are separated and shown as long-term debt on the statement of net position.

Bond proceeds	(23,590,000)	
Proceeds of Financed purchases	(100,866)	(23,690,866)

Debt service payments are reported as expenditures in this fund financial statement because they use current financial resources, but they are separated and shown as payments of long-term debt on the statement of net position and interest expense on the statement of activities. The difference is the amount of principal payment made for the year:

Bond principal payments	1,637,290	
KSBIT claim		
Financed purchases principal	108,903	
Long-term lease principal	140,873	
Accrued interest on long-term debt	(21,140)	
Bond discounts to be amortized in future periods	424,971	
Current year recognition of deferred outflows on refunding	(8,110)	
Amortization of Bond discounts (premiums)	(30,589)	2,252,198

Property taxes that are unavailable are deferred in the fund statements but recognized as revenues in the governmentwide statements

(17,338)

Additional on-behalf transactions are recorded based on KTRS actuarial reports:

On-behalf revenues - KTRS share of pension and OPEB expenses	(6,790,170)	
On-behalf expenses - KTRS share of pension and OPEB expenses	6,790,170	

Sales of capital assets in the fund statements do not include the book value of assets sold that are reported in the statement of activities

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

Accrued sick leave long-term liabilities	134,939	
KTRS OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources	322,814	
CERS OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources	(208,987)	
CERS Pension expense related to changes in the net pension liability and the net changes in deferred inflows of resources and deferred outflows of resources	<u>(982,839)</u>	<u>(734,073)</u>

Change in Net Position of Governmental Activities

\$ 1,595,000

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>Total</u>
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 23,303	\$ -	\$ 23,303
Inventory	32,739	-	32,739
Accounts receivable	-	5,108	5,108
Intergovernmental receivable	126,663	-	126,663
Total Current Assets	<u>182,705</u>	<u>5,108</u>	<u>187,813</u>
Capital Assets, Net			
Capital Assets, net	53,645	-	53,645
Intangible right-to-use assets, net	-	69,371	69,371
Total Capital Assets, net	<u>53,645</u>	<u>69,371</u>	<u>123,016</u>
Total assets	<u>\$ 236,350</u>	<u>\$ 74,479</u>	<u>\$ 310,829</u>
Deferred Outflows of Resources			
Deferred Outflows-pension & OPEB contributions	\$ 145,725	\$ 100,304	\$ 246,029
Deferred Outflows-Other CERS & OPEB Factors	439,647	302,610	742,257
Total Deferred Outflows of Resources	<u>\$ 585,372</u>	<u>\$ 402,914</u>	<u>\$ 988,286</u>
Liabilities & Net Position			
<u>Current Liabilities</u>			
Accounts Payable	\$ 8,183	\$ 2,721	\$ 10,904
Current Portion of Accrued Sick Leave	13,635	804	14,439
Total Current Liabilities	<u>21,818</u>	<u>3,525</u>	<u>25,343</u>
<u>Noncurrent Liabilities</u>			
Accrued Sick Leave	36,864	2,174	39,038
Lease Liability	-	74,020	74,020
Net Pension Liability	1,802,957	1,240,988	3,043,945
Net OPEB Liability	567,585	390,671	958,256
Total Noncurrent Liabilities	<u>2,407,406</u>	<u>1,707,853</u>	<u>4,115,259</u>
Total Liabilities	<u>2,429,224</u>	<u>1,711,378</u>	<u>4,140,602</u>
Deferred Inflows of Resources			
Deferred inflows-Pension & OPEB	152,952	105,277	258,229
Total Deferred Outflows of Resources	<u>\$ 152,952</u>	<u>\$ 105,277</u>	<u>\$ 258,229</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 53,645	\$ (4,649)	\$ 48,996
Restricted	124,023	(592)	123,431
Unrestricted	(1,938,122)	(1,334,021)	(3,272,143)
Total Net Position	<u>\$ (1,760,454)</u>	<u>\$ (1,339,262)</u>	<u>\$ (3,099,716)</u>

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

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

	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>TOTAL</u>
Operating revenues:			
Lunchroom sales	\$ 7,692	\$ -	\$ 7,692
Tuition and fees	-	442,182	442,182
Other operating revenues	99	-	99
Total operating revenues	<u>7,791</u>	<u>442,182</u>	<u>449,973</u>
Operating expenses:			
Salaries and wages	1,180,752	665,200	1,845,952
Materials and supplies	637,223	1,423	638,646
Depreciation	10,480	59,461	69,941
Other operating expenses	23,151	9,678	32,829
Total operating expenses	<u>1,851,606</u>	<u>735,763</u>	<u>2,587,369</u>
Income (loss) from operations	(1,843,815)	(293,581)	(2,137,396)
Non-operating revenues (expenses):			
Federal grants	1,297,962	10,908	1,308,870
State grants - matching	18,532	49,112	67,644
State grants - on behalf	95,330	75,202	170,532
Other donations	-	-	-
Donated commodities	149,677	-	149,677
Transfers to governmental funds	-	-	-
Transfers from governmental funds	-	71,502	71,502
Interest expense on lease liabilities	-	-	-
Interest income	3	-	3
Total non-operating revenues	<u>1,561,504</u>	<u>206,723</u>	<u>1,768,227</u>
Net Change in Net Position	(282,311)	(86,857)	(369,168)
Net Position, July 1, 2020	<u>(1,478,143)</u>	<u>(1,252,405)</u>	<u>(2,730,548)</u>
Net Position, June 30, 2021	<u>\$ (1,760,454)</u>	<u>\$ (1,339,262)</u>	<u>\$ (3,099,716)</u>

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

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

	Food Service Fund	Child Care Fund	TOTAL
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 7,692	\$	\$ 7,692
Tuition and fees		437,073	437,073
Other activities	99	-	99
Cash paid to/for:			
Employees	(683,794)	(509,506)	(1,193,300)
Supplies	(481,247)	12,307	(468,940)
Other activities	(23,151)	(9,678)	(32,829)
Net Cash Provided (Used) by Operating Activities	<u>(1,180,401)</u>	<u>(69,804)</u>	<u>(1,250,205)</u>
Cash Flows from Non-Capital Financing Activities			
Federal grants	1,185,168	10,908	1,196,076
State grants	18,532	49,112	67,644
Other grants	-	-	-
Transfers	-	71,502	71,502
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,203,700</u>	<u>131,522</u>	<u>1,335,222</u>
Cash Flows from Capital & Related Financing Activities			
Purchase of property	-	-	-
Payment on Long-Term Debt		(61,718)	(61,718)
Interest on Long-Term Debt	-	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-</u>	<u>(61,718)</u>	<u>(61,718)</u>
Cash Flows from Investing Activities			
Proceeds from Sales and Maturities of Investments			
Receipts of interest income	3	-	3
Net Cash Provided (Used) by Investing Activities	<u>3</u>	<u>-</u>	<u>3</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23,302	-	23,302
Cash and Cash Equivalents, Beginning of Year			
Cash and Cash Equivalents, End of Year	<u>\$ 23,302</u>	<u>\$ -</u>	<u>\$ 23,302</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (1,843,815)	\$ (293,581)	\$ (2,137,396)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:			
Depreciation/Amortization	10,480	59,461	69,941
Donated commodities	149,677	-	149,677
State on-behalf payments	95,330	75,201	170,531
Change in assets, deferred resources, and liabilities:			
Accounts receivable	-	(5,108)	(5,108)
Accounts payable	8,050	2,395	10,445
Inventory	(1,751)	11,372	9,621
Interfund payables	-	-	-
Accrued sick leave	24,984	(159)	24,825
Deferred outflows of resources	(77,893)	4,441	(73,452)
Net pension liability	286,682	23,864	310,546
Net OPEB liability	205,061	99,673	304,734
Deferred inflows of resources	(37,206)	(47,364)	(84,570)
Net Cash Provided by Operating Activities	<u>\$ (1,180,401)</u>	<u>\$ (69,804)</u>	<u>\$ (1,250,206)</u>
Non-cash transactions			
Donated commodities	\$ 149,677	\$ -	\$ 149,677
State on-behalf payments	\$ 95,330	\$ 75,201	\$ 170,531
CERS pension & OPEB expenses	\$ 376,644	\$ 80,613	\$ 457,257

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

NOTES TO THE FINANCIAL STATEMENTS

BARDSTOWN INDEPENDENT SCHOOL DISTRICT BARDSTOWN, KENTUCKY
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JUNE 30, 2021

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bardstown Independent School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. In addition, the District is required by law to follow the accounting requirements of the Kentucky Department of Education (KDE) Financial Management Manual. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

The Bardstown Independent Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bardstown 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. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all the funds and account groups relevant to the operation of the Bardstown Independent Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself or the activities are managed by District school personnel, such as School-Based Decision-Making Councils, Family Resource Centers, or the Bardstown Foundation for Excellence in Public Education.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined by considering budget adoption policies, funding, and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Bardstown Independent School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bardstown Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the Corporation) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors. The Corporation is blended into the District’s financial statements.

Basis of Presentation

The District’s basic financial statements present government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and liabilities, including capital assets as well as 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 in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Certain eliminations have been made as required 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 primary government column. In the Statement of Activities, exchange-like transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on pages 73-74. This is a major fund of the District.
- C. The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level. This is a nonmajor fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- D. The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This fund was added in FY 2020 after the District implemented GASBS No. 84, *Fiduciary Activities*.
 - E. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - 1. The Capital Outlay Fund receives those funds from Support Education Excellence in Kentucky (SEEK) designated by the state as Capital Outlay Funds. These resources are restricted for use in financing projects identified in the district's facility plan. This is a nonmajor fund.
 - 2. The Building Fund includes resources from the Facility Support Program of Kentucky (FSPK) and accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a nonmajor fund.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
 - F. The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. This is a nonmajor fund.
- II. Proprietary Fund Types (Enterprise Funds)
- A. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. Management has determined that the Food Service Fund should be reported as a major fund.
 - B. The Child Care Fund is used to account for after school revenues and programs where a fee is charged for participating. Management has determined that the Child Care fund should be reported as a major fund.

Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and unearned revenue.

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

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

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer. However, the actual due date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund when tax revenues are restricted to a specific purpose. During fiscal year 2018, the Board expanded efforts to collect delinquent property taxes. Therefore, the balances as of June 30, 2021, now include legal fees for collection efforts plus penalties and interest due on the remaining balances.

The property tax rates assessed for the year ended June 30, 2021, to finance the General Fund operations were \$0.837 per \$100 valuation for real property, \$0.85 per \$100 valuation for business personal property and \$0.531 per \$100 valuation for motor vehicles.

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

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 with the exception of real property for which there is no threshold. Computer equipment is inventoried for control purposes for all purchases, but the \$5,000 threshold is used for financial reporting purposes. Land and building improvements are capitalized, but capitalization does not include the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25-50 years
Land Improvements	20 years
Technology Equipment	5 years
Vehicles	5-10 years
Food Service Equipment	10-12 years
Furniture and Fixtures	7 years

Unpaid Accrued Sick Leave

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accumulated sick leave payable” in the general fund. The non-current portion of the liability is not reported in the governmental funds, but is included in the government-wide financial statements.

Budgetary Process

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

- a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

Cash and Cash Equivalents

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

On government-wide financial statements inventories are stated at cost and are expensed when used. The food service fund uses the specific identification method for valuation of ending inventory.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, contractually required pension contributions, the net pension liability, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kentucky County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“TRS of Ky”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension plans when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension plans. Both systems publish separate financial statements as described in Note H.

Other Postemployment Benefits (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 Kentucky County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“TRS of Ky”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the OPEB plans 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 G.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- a) Nonspendable fund balance - amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- b) Restricted fund balance - amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- c) Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority to be reported as committed, amounts cannot be used for any other purpose unless the District’s governing Board votes to remove or change the constraint. A Board resolution is required to commit funds.
- d) Assigned fund balance - amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Only the Board has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District’s subsequent fiscal year.
- e) Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Net position represents the difference between a) assets plus deferred outflows of resources and b) liabilities plus deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position invested in capital assets may also include related deferred outflows or inflows of resources related to capital assets or capital borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Operating Revenues

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools, fees for after school programs, and fees for adult education programs.

Contributions of Capital

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

NOTE B – ESTIMATES

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

NOTE C—CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's cash and cash equivalents was \$18,879,224. \$250,000 of bank account balances per separate banks is covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Breakdown per financial statements:

Governmental Funds	\$ 18,855,921
Proprietary Funds	<u>23,303</u>
	<u>\$ 18,879,224</u>

Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

NOTE D – DEPOSITS AND INVESTMENTS

The Kentucky Revised Statutes authorize the District to invest 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. As of June 30, 2021, the District did not hold any invested funds.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE E – CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Governmental activities:				
Non-depreciable capital assets:				
Construction in progress	\$ 1,578,569	\$ 8,633,869	\$ (721,248)	\$ 9,491,190
Land	3,383,461	-	-	3,383,461
Total Non-depreciable capital assets	<u>4,962,030</u>	<u>8,633,869</u>	<u>(721,248)</u>	<u>12,874,651</u>
Depreciable capital assets:				
Land improvements	302,664	-		302,664
Buildings	41,728,699	721,248	-	42,449,947
Technology equipment	1,784,252	671,643	-	2,455,895
Vehicles	2,191,638	97,151		2,288,789
Other equipment	1,287,155	49,506	(6,901)	1,329,760
Total depreciable capital assets	<u>47,294,408</u>	<u>1,539,548</u>	<u>(6,901)</u>	<u>48,827,055</u>
Less accumulated depreciation				
Land improvements	(19,175)	(15,133)	-	(34,308)
Buildings	(20,989,877)	(1,211,390)	-	(22,201,267)
Technology equipment	(1,619,940)	(109,486)	-	(1,729,426)
Vehicles	(1,576,760)	(135,758)		(1,712,518)
Other equipment	(963,225)	(35,068)	1,035	(997,258)
Total accumulated depreciation	<u>(25,168,977)</u>	<u>(1,506,835)</u>	<u>1,035</u>	<u>(26,674,777)</u>
Total depreciable capital assets, net	<u>22,125,431</u>	<u>32,713</u>	<u>(5,866)</u>	<u>22,152,278</u>
Intangible Right-to-Use assets:				
Leased equipment	551,639	-	-	551,639
Less accumulated amortization	(55,164)	(110,328)	-	(165,492)
Net intangible right-to-use assets	<u>496,475</u>	<u>(110,328)</u>	<u>-</u>	<u>386,147</u>
Governmental activities capital assets, net	<u>\$ 27,583,936</u>	<u>\$ 8,556,254</u>	<u>\$ (727,114)</u>	<u>\$ 35,413,076</u>

Depreciation and amortization expenses were charged to governmental functions as follows:

Instruction	\$ 407,813
Support Services	
Student	15,215
Instruction staff	111
District administration	11,472
School administration	2,575
Business	3,612
Plant operation and maintenance	875,555
Student transportation	131,109
	<u>\$ 1,447,462</u>

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE E – CAPITAL ASSETS (CONTINUED)

Business-type Activities capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Business-type activities:				
Depreciable capital assets:				
Vehicles	\$ 10,808	\$ -	\$ -	\$ 10,808
Equipment	614,565	-	-	614,565
Total depreciable capital assets	<u>625,373</u>	<u>-</u>	<u>-</u>	<u>625,373</u>
Less accumulated depreciation				
Vehicles	(6,575)	(1,081)	-	(7,656)
Equipment	(554,674)	(9,399)	-	(564,073)
Total accumulated depreciation	<u>(561,249)</u>	<u>(10,480)</u>	<u>-</u>	<u>(571,729)</u>
Total depreciable capital assets, net	<u>64,124</u>	<u>(10,480)</u>	<u>-</u>	<u>53,644</u>
Intangible Right-to-Use assets:				
Leased building	297,305	-	-	297,305
Less accumulated amortization	(168,473)	(59,461)	-	(227,934)
Net intangible right-to-use assets	<u>128,832</u>	<u>(59,461)</u>	<u>-</u>	<u>69,371</u>
Business-type activities capital assets, net	<u>192,956</u>	<u>(69,941)</u>	<u>0</u>	<u>123,015</u>
Primary government capital assets, net	<u>\$ 27,776,891</u>	<u>\$ 8,486,313</u>	<u>\$ (727,114)</u>	<u>\$ 35,536,090</u>

Intangible Right-to-Use Assets

In FY 2020, the District implemented the guidance in GASBS No. 87, *Leases*, and recognized the value of copiers leased under long-term contracts and a building leased for a Child Care facility.

As of June 30, 2019, the District had one lease agreement in place for copiers. In December 2019, the District negotiated a new lease agreement to replace the copiers leased under the 2018 lease with new leased equipment. The lessor paid the District \$115,320 to buyout the old lease agreement and enter a new lease. This payment has been recognized as a termination fee to replace the old equipment. The District reported a loss on this exchange of \$4,921 in FY 2020. Terms of the new lease are described in Note F.

As of June 30, 2021, the District had leased a building from the CHDA Properties, LLC, to use as a Child Care facility in the Day Care Fund. The lease was renewed on September 1, 2017, and will continue until August 31, 2022. The District does not plan to renew this lease and will likely renovate an existing District building to replace this leased property. The intangible right-to-use asset is being amortized over 5 years, the term of the current lease. Terms of this lease are described in Note F.

NOTE F – LONG-TERM OBLIGATIONS

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

Issue Date	Original Proceeds	Interest Rates	Final Maturity Date
2008 RF	\$ 940,000	3.25% - 3.90%	3/1/2020
2008	\$ 1,620,000	2.30% - 4.00%	4/1/2028
2010 RF	\$ 6,380,000	.60% - 3.10%	5/15/2024
2012 RF	\$ 4,650,000	1.75% - 2.62%	8/15/2025
2012 EN	\$ 275,000	1.25% - 3.00%	9/15/2028
2013 RF	\$ 2,750,000	.75% - 2.00%	8/1/2026
2014	\$ 925,000	2.00% - 3.75%	5/1/2034
2015 RF A	\$ 1,245,000	2.00% - 3.75%	8/1/2027
2015 RF B	\$ 2,075,000	2.00% - 2.55%	8/1/2031
2016	\$ 4,505,000	2.15% - 3.20%	2/1/2036
2017	\$ 1,250,000	3.00% - 3.50%	3/15/2037
2019	\$ 1,770,000	2.50% - 3.25%	3/1/2039
2020	\$ 23,590,000	1.00% - 2.00%	8/1/2041

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bardstown Independent School District to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District entered into “participation agreements” with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

In March 2015, the Board issued \$1,245,000 of 2015-A School Building Refunding Revenue Bonds refunding the 2006 Series Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$18,577. This difference, reported in the accompanying government-wide financial statements as deferred outflows of resources, is being charged to operations through the year 2030 using the straight-line method which approximates the effective-interest method. As of June 30, 2020, \$10,647 remains to be charged to future operations. The District completed the refunding to reduce its total debt service payments over the next 15 years by \$102,590.

In March 2015, the Board issued \$2,075,000 of 2015-B School Building Refunding Revenue Bonds refunding the 2010 Series Build America Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$65,552. This difference, reported in the accompanying government-wide financial statements as deferred outflows of resources, is being charged to operations through the year 2031 using the straight-line method which approximates the effective-interest method. As of June 30, 2020, \$23,092 remains to be charged to future operations. The District completed the refunding to reduce its total debt service payments over the next 11 years by \$171,051.

The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2020 for debt service (principal and interest) are as follows:

	Bardstown Independent School District		Kentucky School Facility Construction Commission		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,698,777	\$ 853,630	\$ 72,053	\$ 24,419	\$ 1,770,830	\$ 878,049
2023	1,745,590	808,451	73,270	23,200	1,818,860	831,651
2024	1,792,161	760,987	74,639	21,831	1,866,800	782,818
2025	1,851,343	706,313	63,657	20,587	1,915,000	726,900
2026	1,882,740	665,485	64,775	19,468	1,947,515	684,953
2027 - 2031	10,030,619	2,752,717	342,431	77,448	10,373,050	2,830,165
2032 - 2036	11,130,112	1,688,025	299,888	39,238	11,430,000	1,727,263
2037 - 2041	9,920,851	511,998	239,149	11,915	10,160,000	523,913
Thereafter	-	-	-	-	-	-
	<u>\$ 40,052,193</u>	<u>\$ 8,747,606</u>	<u>\$ 1,229,862</u>	<u>\$ 238,105</u>	<u>\$ 41,282,055</u>	<u>\$ 8,985,711</u>

Financed Purchases

The District finances several buses under financing agreements issued by the Kentucky Interlocal School Transportation Association (KISTA). Future minimum lease payments under the terms of the leases are as follows:

Year Ending June 30:	
2022	\$ 123,163
2023	102,722
2024	91,871
2025	71,986
2026	61,447
2027 - 2031	153,336
	<u>604,525</u>
Less: amount representing interest	(48,931)
Present value of minimum lease payments	<u>\$ 555,594</u>
Current maturities	\$ 110,372
Non-current maturities	445,222
	<u>\$ 555,594</u>

The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

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

Changes in Long-term Obligations

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

Describe	Beginning	Additions	Deletions	Ending Balance	Due Within One	Noncurrent
	Balance				Year	
Revenue bonds payable	\$ 19,329,345	\$ 23,590,000	\$ 1,637,290	\$ 41,282,055	\$ 1,770,830	\$ 39,511,225
Bond premium (discount)	(117,599)	(424,971)	(30,589)	(511,981)	(30,589)	(481,392)
Financed purchases	563,631	100,866	108,903	555,594	110,372	445,222
Claim - KSBIT	10,044	-	10,044	-	-	-
Accrued sick leave	377,381	-	134,939	242,442	65,459	176,983
Total Governmental	\$ 20,162,802	\$ 23,265,895	\$ 1,860,587	\$ 41,568,110	\$ 1,916,072	\$ 39,652,038

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay fund. However, the general fund pays the debt service for the 2019 Energy bond and the KISTA bus financed purchases. In addition, the general fund is primarily responsible for paying accrued sick leave.

Intangible Right-to-Use Lease Liabilities

In FY 2020, the District implemented the guidance of GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases.

Copier Leases

The District leases a variety of copier/printers from XBS Office Solutions for a term of 60 months. XBS paid the District \$115,320 to buy out the 2018 Xerox lease as an incentive to enter a new agreement and replace the equipment with updated models. This payment was recognized as a termination fee to replace the old copiers. The new lease requires a minimum monthly lease payment of \$9,669, plus additional charges for excess usage and excluding applicable taxes. The District will continue to make the payments on the previous lease until that agreement expires in June 2023. For purposes of discounting future payments on the 2020 lease, the District used the interest rate (2%) on its KISTA financing agreements to determine an appropriate discount rate. The 2018 lease was discounted using an imputed rate of 12.29% to determine the discounted lease liability that matched the buyout payment. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note E.

Minimum lease payments over the next five years include:

	Lease Payments to Maturity								
	2018 Lease			2020 Lease			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
FY 2022	\$ 38,249	\$ 7,908	\$ 46,157	\$ 109,187	\$ 6,841	\$ 116,028	\$ 147,437	\$14,748	\$ 162,185
FY 2023	43,225	2,932	46,157	111,391	4,637	116,028	154,616	7,569	162,185
FY 2024				113,640	2,388	116,028	113,640	2,388	116,028
FY 2025				57,677	337	58,014	57,677	337	58,014
Totals	\$ 81,474	\$ 10,840	\$ 92,314	\$ 391,895	\$14,203	\$ 406,098	\$ 473,370	\$25,042	\$ 498,412

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Building Lease

The District leases a building from CHDA Properties, LLC, for use as a Child Care facility for the Day Care Fund. The lease was renewed for a five-year term on September 1, 2017, and will terminate on August 31, 2022. The District does not plan to renew this lease and will likely renovate another District building to replace this leased building. The current monthly lease payment is \$5,371.80. The present value of the lease was determined using a discount rate of 2.55%, the same interest rate the District incurred for bus purchases in 2017. The leased building and accumulated amortization of the right-to-use asset is outlined in Note E.

Remaining lease payments on this building lease include:

	Lease Payments to Maturity		
	2017 Lease		
	Principal	Interest	Total
FY 2022	\$ 63,311	\$ 1,151	\$ 64,462
FY 2023	10,709	34	10,744
FY 2024			
FY 2025			
Totals	\$ 74,020	\$ 1,185	\$ 75,205

NOTE G – FUND BALANCES

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2021, the District had \$13,567,217 in restricted fund balance for future construction projects because the General Fund issued the 2020 bonds in August 2020 to finance initial construction projects for the elementary school and football turf replacement projects. In addition, the Building Fund has \$407,347 in restricted fund balance for future capital projects.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. At June 30, 2020, the District had \$81,736 committed fund balance for District activities and \$173,599 for school activity funds for a total of \$255,335 in committed balances in the governmental fund statements.

Assigned fund balances represent amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed, (b) amounts in the general fund that are intended to be used for a specific purpose, and (c) amounts appropriated from existing fund balance to eliminate a projected budgetary deficit in the FY 2020 budget. The District had \$1,333,337 assigned related to FY 2022 budget appropriations.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

NOTE G – FUND BALANCES (CONTINUED)

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE H – RETIREMENT PLANS

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

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

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. As of April 1, 2021, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions. The Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components.

NOTE H – RETIREMENT PLANS (CONTINUED)

Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Employer Contributions – For the year ended June 30, 2021, employer contributions were established by the Kentucky Retirement Systems (the governing board for CERS prior to April 1, 2021). The governing Board establishes employer contribution rates based on the annual actuarial valuation. In 2017, KRS substantially increased the employer contributions as a result of changes to key actuarial assumptions. However, the Kentucky General Assembly allowed employers participating in CERS to phase this increase over a 10-year period, and restricted annual increases in the employer contribution rate to no more than 12% over the prior year's rate. In addition, the 2020 Kentucky General Assembly froze employer contribution rates for 1 year to help local employers deal with the financial impact of the COVID pandemic. For fiscal year 2021, the employer contribution rate for CERS nonhazardous pensions was 19.30% and hazardous pensions was 30.06%. In fiscal year 2020, these rates were also 19.30% and 30.06%, respectively.

Employee Contributions – Required contributions by the employee are based on the tier:

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

General information about the Teachers' Retirement System of the State of Kentucky ("TRS of Ky")

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

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

NOTE H – RETIREMENT PLANS (CONTINUED)

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation.

Effective July 1, 2008, the System was amended to change the benefit structure for employees hired on or after that date. Members hired after July 1, 2008, must complete 27 years of service, attain age 60 and 5 years of service, or attain age 55 and 10 years of service. The annual retirement allowance for members hired after July 1, 2008, is 1.7% for 10 years or less of service; 2.0% for 10 -20 years; 2.3% for 20 – 26 years; 2.5% for 26 – 30 years; or 3.0% for more than 30 years of service. The annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

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 of Ky also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

TRS provides disability retirement allowance for members who are totally and permanently disabled after completing at least 5 years of service, but less than 27 years. The disability allowance is equal to 60% of the member's final average salary, payable over an entitlement period equal to 25% of the service credited to the member at the date of disability or five years, whichever is longer. If the member is still disabled after the end of the entitlement period, the member receives a service retirement allowance, including additional service credit for the period of disability retirement. This extended allowance will not be less than \$6,000 and is not reduced for retirement prior to age 60 or completion of 27 years of service.

TRS provides a death benefit to a surviving spouse of an active member with less than 10 years of service. This benefit is \$2,880 per year unless the spouse has income from other sources that exceed \$6,600 which will reduce this death benefit to \$2,160 per year. A surviving spouse of an active member with 10 or more years of service is eligible for a death benefit actuarially equivalent to the allowance that the member would have received upon retirement. This benefit will commence on the date the deceased member would have been eligible for the service retirement and is payable during the life of the spouse. Additional benefits are provided for unmarried children under age 18 who are also survivors of the deceased member.

If an employee terminates 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.

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 9.105% of their salaries to the System for pension benefits. (See OPEB discussion for additional contribution rates.) The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 15.335% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 16.335% for those hired after July 1, 2008, for pension benefits. (See OPEB discussion for additional contribution rates.) The actuarially determined employer contribution rate is 30.155% for non-university members hired before July 1, 2008, and 31.155% for those hired after July 1, 2008.

NOTE H – RETIREMENT PLANS (CONTINUED)

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

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

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 CERS net pension liability	\$ 13,660,353
Commonwealth's proportionate share of TRS of Ky net pension liability associated with the District	<u>62,015,617</u>
Total	<u>\$ 75,675,970</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 that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 0.1781030 percent. For the year ended June 30, 2021, the District recognized pension expense of \$1,354,556 related to CERS and a negative expense of \$1,960,206 related to TRS of Ky. The District also recognized negative on-behalf revenue of \$6,790,170 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky. TRS has reported negative pension expense since the 2018 measurement period when the discount rate was increased from a blended rate based on the Municipal Bond Index to the TRS long-term investment earnings rate.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
CERS:		
Difference between expected and actual	\$ 340,646	\$ -
Changes of assumptions	533,414	-
Net difference between projected and actual earnings on pension plan investments	592,130	250,297
Changes in proportion and idifferences between District contributions and proportionate share of contributions	116,938	57,349
District contributions subsequent to the measurement date	885,670	-
Totals	<u>\$ 2,468,798</u>	<u>\$ 307,646</u>

NOTE H – RETIREMENT PLANS (CONTINUED)

\$885,670 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended	
June 30:	
2022	\$ 611,496
2023	\$ 365,071
2024	\$ 161,627
2025	\$ 137,288
2026	\$ -0-
Thereafter	\$ -0-

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

	<u>CERS</u>	<u>TRS of Ky</u>
Inflation	2.30%	3.0%
Cost-of-living adjustment	0.0%	1.5%
Salary Increases	3.30% - 10.30%	3.5-7.3%
Investment rate of return	6.25%	7.5%

For CERS, mortality tables were revised for the 2019 measurement based on an experience study completed in March 2019. The mortality table used for active members was the PUB-2010 General Mortality table, for the non-hazardous system, and the PUB-2010 Public Safety Mortality table for the Hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS of Ky, 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 last experience study for the period July 1, 2010 – June 30, 2015, was performed in 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE H – RETIREMENT PLANS (CONTINUED)

However, the expected returns in the following table are based on ten-year yields developed by the investment consultant based on their capital market analysis prior to the impact of COVID.

<u>Asset Class</u>	Target <u>Allocation</u>	Ten-Year Expected <u>Real Rate of Return</u>
Growth:	62.50%	
U. S. Equity	18.75%	4.50%
International Equity	18.75%	5.25%
Private Credit	10.00%	6.65%
High Yield Credit	15.00%	3.90%
Liquidity:	14.50%	
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	<u>15.00%</u>	3.95%
Total	<u>100.00%</u>	
Expected Real Return		3.96%
Long Term Inflation Assumption		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>6.26%</u>

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

<u>Asset Class</u>	Target <u>Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>
U. S. Equity	40.0%	4.6%
Non-U.S. 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	<u>2.0%</u>	-0.5%
Total	<u>100.0%</u>	

* Includes high yield, non-US developed bonds, and private credit strategies

NOTE H – RETIREMENT PLANS (CONTINUED)

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. In 2018, the Kentucky General Assembly allowed CERS employers to use a ten-year phase-in for the significant contribution increases that resulted when the earnings assumption was lowered from 7.5% to 6.25%. This phased-in approach is the current “statutory contribution rates” based on actuarial projections, but limited to no more than a 12% annual increase. In 2020, the General Assembly froze employer contribution rates for local governments participating in CERS for fiscal year 2021. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For TRS of Ky, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the statutorily required 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 employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

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

	DISCOUNT RATE SENSITIVITY ANALYSIS		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District’s proportionate share of the net pension liability	\$ 16,846,187	\$ 13,660,353	\$ 11,022,360
KTRS	6.50%	7.50%	8.50%
District’s proportionate share of the net pension liability	\$ -	\$ -	\$ -

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

Deferred Compensation

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 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 who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District therefore does not show these assets and liabilities on this financial statement.

NOTE I – 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.

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress of the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

In fiscal year 2014, the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members. On July 15, 2014, the District was notified of the final assessment of \$80,353. The claim was paid over a seven-year period and the final payment on this claim was paid in August 2020.

NOTE J – LITIGATION

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

NOTE K – INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, 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 include Workers' Compensation insurance.

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund.

The public entity risk pools operate as common risk management and insurance programs for all school district and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until 24 months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier.

NOTE L – RISK MANAGEMENT (CONTINUED)

The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving 90 days’ notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the members on a pro-rata basis.

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

NOTE M – DEFICIT OPERATING BALANCES

In the proprietary funds, deficit net positions are caused by the recognition of the net pension liability and the net OPEB liability for CERS employees. The unrestricted deficit in Food Service is \$1,938,122 and Day Care is \$1,334,021. Pension liabilities are \$1,802,957 in Food Service and \$1,240,988 in Day Care. The net OPEB liability in Food Service is \$567,585 and in Day Care the balance is \$390,671. These liabilities will be funded with resources in future years as local governments in Ky amortize the unfunded liabilities of CERS over the next 30 years.

The School Activity Fund reported a net decrease in fund balance when the costs of current year projects exceeded the funds raised for those programs. In addition, the pension and OPEB expense for CERS caused deficits in the proprietary funds. The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of net position:

School Activity Fund	\$ 9,462
Food Service Fund	\$282,311
Child Care Fund	\$ 86,857

NOTE N – COBRA

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

NOTE O - TRANSFERS

The following transfers were made during the year ending June 30, 2020:

From Fund	To Fund	Purpose	Amount
General	District Activity	Community service	\$ 43,959
General	Special Revenue	Grant match	\$ 46,456
General	School Activity	Program support	\$ 104,910
General	Day Care	Program support	\$ 9,784
Special Revenue	General	Program support	\$ 68,620
Special Revenue	Day Care	Bldg lease payments	\$ 61,718
School Activity	District Activity	Shifted activities	\$ 12,589
Building	Debt Service	Bond payments	\$ 2,217,559
Building	General	Capital asset purchases	\$ 193,661
Capital Outlay	General	Bldg & Equipment	\$ 221,217
Construction	General	Repay prior year advance	\$ 868,533

NOTE P – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2020 for retirement and OPEB was \$7,492,015, plus \$165,657 for other projects. These payments were recorded as follows:

Purposes		Fund Allocations	
KTRS	\$ 4,829,964	General Fund	\$ 7,810,660
Other benefit payments	3,049,821	Debt Service	50,988
Technology purchases	101,408	Food Service	95,330
Debt service	50,988	Child Care	75,202
Total	\$ 8,032,180		\$ 8,032,180

In addition, the District recognized revenue and expense from TRS of Ky for on-behalf payments as a nonemployer contributing entity:

Pension expense	\$ (6,881,170)
OPEB-Med	91,000
OPEB-Life	-
Total On-behalf	\$ (6,790,170)

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and TRS of Ky plans. The change in governance for CERS discussed in Note H for pension plan governance also applies to the CERS OPEB plans. The Kentucky Public Pensions Authority's publicly available financial report includes the CERS OPEB plan reports and may be obtained from <http://kyret.ky.gov/>. TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS_of_Ky.ky.gov/05_publications/index.htm.

CERS Other Postemployment Benefits

Plan Description—CERS health insurance benefits are also 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 only the member's health insurance premium. Hazardous members receive a contribution subsidy for both the member and dependent coverage.

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Hazardous retirees receive \$15 toward the monthly premium and the hazardous retiree’s spouse may also receive this contribution upon the retiree’s death. The monthly insurance benefit has been increased annually by a Cost of Living Adjustment (COLA) since July 2004.

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the 2019 measurement period, CERS allocated 4.76% of the 19.30% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the Tier 2 and 3 6% employee contributions are allocated to the health insurance plan.

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

At June 30, 2021, the District reported a liability of \$4,300,380 for its proportionate share of the CERS collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s

long-term share of contributions to OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District’s proportion was .178092 percent. The District recognized OPEB expense of \$197,748 as the OPEB liability and the related deferred inflows of resources and deferred outflows of resources increased.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of	Deferred Inflows of Resources
CERS:		
Difference between expected and	\$ 718,503	\$ 719,064
Changes of assumptions	748,012	4,549
Net difference between projected	230,684	87,749
Changes in proportion and	50,709	39,848
District contributions subsequent	218,435	-
Totals	\$ 1,966,343	\$ 851,210

Of the total amount reported as deferred outflows of resources related to OPEB, \$218,435 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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:

Fiscal Year ended June 30*:	BISD Portion
2022	\$ 237,635
2023	279,936
2024	198,889
2025	188,123
2026	(7,885)
Thereafter	-
Total Deferred to Fut	<u>\$ 896,698</u>

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service 3.55% to 19.05%, for hazardous, depending on years of service
Inflation rate	2.30%
Healthcare cost trend rates:	
Under 65	Initial trend rate starts at 6.40%, January 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Ages 65 and Older	Initial trend starting at 2.90%, January 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Municipal Bond Index Rate	2.45%
Discount Rate	5.34% non-hazardous and 5.30% hazardous

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2019 for use with the June 30, 2019 valuation in order to reflect future economic expectations.

The long-term expected rate of return on OPEB plan investments was determined 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 class are summarized in the table below.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

However, the expected returns in the following table are based on ten-year yields developed by the investment consultant based on their capital market analysis prior to the impact of COVID.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Ten-Year Expected Real Rate of Return</u>
Growth:	62.50%	
U. S. Equity	18.75%	4.50%
International Equity	18.75%	5.25%
Private Credit	10.00%	6.65%
High Yield Credit	15.00%	3.90%
Liquidity:	14.50%	
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	<u>15.00%</u>	3.95%
Total	<u>100.00%</u>	
Expected Real Return		3.96%
Long Term Inflation Assumption		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>6.26%</u>

Discount rate – The single discount rate of 5.34% for CERS nonhazardous and 5.30% for CERS hazardous was used to measure the total OPEB liability as of June 30, 2019. The Single discount rate is 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 30, 2019. Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (24 years as of June 30, 2020) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

However, the cost associated with the implicit employer subsidy is not currently included in the calculation of the System’s actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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

	DISCOUNT RATE SENSITIVITY ANALYSIS		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	4.34%	Rate	6.34%
CERS		5.34%	
District's proportionate share of the net OPEB liability	\$ 5,524,726	\$ 4,300,380	\$ 3,294,784

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

	HEALTHCARE TREND RATE SENSITIVITY ANALYSIS		
	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
		Rates	
CERS			
District's proportionate share of the net OPEB liability	\$ 3,329,569	\$ 4,300,380	\$ 5,478,482

The Kentucky Public Pensions Authority's publicly available financial report includes financial reports for the CERS OPEB plans and may be obtained from <http://kyret.ky.gov/>.

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

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

Plan description—In addition to the pension benefits described in Note H, KRS 161.675 requires TRS of Ky to provide post-employment healthcare benefits to eligible employees and dependents. The TRS of Ky Medical Insurance Fund is a cost-sharing multiple-employer defined benefit plan. Changes made to the medical plan may be made by the TRS of Ky Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided—To be eligible for medical benefits, the member must have retired either for service or disability. The TRS of Ky Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS of Ky Medicare Eligible Health Plan.

Contributions—In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

In addition, the state contributes 2.32% for OPEB plan pre-funding. 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 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability of \$5,962,000 for its proportionate share of the collective net OPEB liability for medical insurance. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was .23623 percent.

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

District's proportionate share of the net OPEB liability	\$ 5,962,000
State's proportionate share of the net OPEB liability associated with the District	<u>4,776,000</u>
Total	<u>\$10,738,000</u>

For the year ended June 30, 2020, the District recognized a decrease in OPEB expense of \$322,814 as the liability and deferred inflows of resources decreased, while outflows of resource increased, and deferred contributions decreased. In addition, the District recognized on-behalf revenue and expenses of \$334,192 for support provided by the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
KTRS:		
Difference between expected and actual experience	\$ -	\$ 2,542,000
Changes of assumptions	361,000	-
Net difference between projected and actual earnings on OPEB plan investments	194,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	496,000	-
District contributions subsequent to the measurement date	414,013	-
Totals	<u>\$ 1,465,013</u>	<u>\$ 2,542,000</u>

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, \$414,013 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Fiscal Year ended June 30:	BISD Portion
2020	\$ (299,000)
2021	(284,000)
2022	(287,000)
2023	(272,000)
2024	(254,000)
Thereafter	(95,000)
Total Deferred to Future Years	<u>\$ (1,491,000)</u>

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.0% for FYE 2022 decreasing to an ultimate rate of 5.00% by FY 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 5.00% by FY 2032
Medicare Part B Premiums	4.40% for FYE 2022 with an ultimate rate of 5.00% by 2032
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience which covered the five-year period ending June 30, 2015. A new experience study was conducted for the period ended June 30, 2020, and will be used for the 2021 actuarial valuation.

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Additional Categories*	17.0%	2.5%
Cash	<u>1.0%</u>	-0.5%
Total	<u>100.0%</u>	

* Includes high yield, non-US developed bonds, and private credit strategies

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

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

	DISCOUNT RATE SENSITIVITY ANALYSIS		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	7.00%	8.00%	9.00%
District's proportionate share of the net OPEB liability	\$ 7,206,000	\$ 5,962,000	\$ 4,923,000

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

	HEALTHCARE TREND RATE SENSITIVITY ANALYSIS		
	1% Decrease	1.02% - 7.75%	1% Increase
KTRS			
District's proportionate share of the net OPEB liability	\$ 4,725,000	\$ 5,962,000	\$ 7,485,000

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

TRS Life Insurance Plan

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

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

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.07%) of the gross annual payroll of members is contributed by the state.

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

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

District’s proportionate share of the net OPEB liability	\$ -0-
State’s proportionate share of the net OPEB liability associated with the District	<u>144,000</u>
Total	<u>\$ 144,000</u>

For the year ended June 30, 2021, the District recognized OPEB revenue and expense of \$6,953 for support provided by the State.

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

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

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience which covered the five-year period ending June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S Equity	40.0%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Additional Categories*	6.0%	2.5%
Cash	<u>2.0%</u>	-0.5%
Total	<u>100.0%</u>	

* Includes high yield, non-US developed bonds, and private credit strategies

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

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

NOTE R – EFFECT OF NEW ACCOUNTING STANDARDS ON DISTRICT FINANCIAL STATEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition for right-to-use subscription intangible assets and a corresponding subscription liability that is provided for long-term leases in GASBS No. 87. The District will review its current IT subscription services to evaluate the impact of this standard, but since the recognized value for the intangible assets is generally the same as the corresponding subscription liability, there will be minimal financial impact for the District.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for fiscal years beginning after June 15, 2021 (457 plan reporting). This standard replaces the guidance in GASBS No. 32, the current standard for 457 plan reporting. The District will evaluate the impact of this standard on the District’s deferred compensation plan offered to employees, but is likely to have minimal impact since the Kentucky Deferred Compensation Authority has its own governing board and provides the trust reporting for the plans offered to state and local government employees in Kentucky.

NOTE 5 – SUBSEQUENT EVENT

Management has evaluated subsequent events through November 12, 2021, the date which the financial statements were available to be issued.

Subsequent to June 30, 2021, the District approved an increase in the property tax rate to 83.6 cents per \$100 in assessed value of real estate and 85.5 cents per \$100 in assessed value personal property for the FY 22 fiscal year property tax billing.

REQUIRED SUPPLEMENTARY INFORMATION

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 GENERAL FUND**

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes				
Property	\$ 7,748,936	\$ 7,269,899	\$ 7,335,670	\$ 65,771
Motor vehicle	500,127	450,000	550,173	100,173
Utilities	1,000,000	1,000,000	993,838	(6,162)
Distilled spirits tax	2,079,883	2,046,182	2,120,465	74,283
Tuition and fees	111,500	110,000	128,238	18,238
Earnings on investments	4,000	4,000	5,540	1,540
Other local revenues	121,720	128,720	120,184	(8,536)
Intergovernmental - state	16,118,829	15,982,298	16,053,017	70,719
Intergovernmental - federal	200,000	200,000	418,111	218,111
Total Revenues	<u>27,884,995</u>	<u>27,191,099</u>	<u>27,725,236</u>	<u>534,137</u>
Expenditures:				
Instruction	20,342,514	20,187,452	16,604,157	3,583,295
Support services:				
Student	1,638,418	1,638,418	2,300,883	(662,465)
Instruction staff	670,084	670,084	879,591	(209,507)
District administration	1,047,821	1,045,821	1,136,607	(90,786)
School administrative	1,393,465	1,392,907	1,828,295	(435,388)
Business	1,049,360	973,200	854,415	118,785
Plant operation and maintenance	2,144,888	2,144,888	2,088,962	55,926
Student transportation	982,461	982,461	997,104	(14,643)
Day Care			-	-
Adult Education	-	-	58,422	(58,422)
Community service activities	91,880	59,239	49,364	9,875
Debt service	185,856	185,856	196,526	(10,670)
Total Expenditures	<u>29,546,747</u>	<u>29,280,326</u>	<u>26,994,326</u>	<u>2,286,000</u>
Excess (deficit) of revenues over expenditures	<u>(1,661,751)</u>	<u>(2,089,226)</u>	<u>730,910</u>	<u>2,820,136</u>
Other financing sources (uses)				
Proceeds of Financed Purchases			100,866	(100,866)
Intangible asset leases			-	-
Proceeds from sale of fixed assets			7,226	(7,226)
Insurance recovery			-	-
Contingency	(1,021,218)	(1,186,059)	-	(1,186,059)
Operating transfers in		1,352,031	1,352,031	-
Operating transfers out	(46,456)	(46,456)	(205,109)	158,653
Total other financing sources (uses)	<u>(1,067,674)</u>	<u>119,516</u>	<u>1,255,014</u>	<u>(1,135,498)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(2,729,425)</u>	<u>(1,969,710)</u>	<u>1,985,924</u>	<u>1,684,638</u>
Fund Balance June 30, 2020	<u>2,729,425</u>	<u>1,969,710</u>	<u>1,969,711</u>	<u>1</u>
Fund Balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,955,635</u>	<u>\$ 1,684,639</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
SPECIAL REVENUE FUND**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ -	\$ -	\$ 62	\$ 62
Tuition and fees	-	-	-	-
Other local revenues	11,500	11,500	74,239	62,739
Intergovernmental - state	911,132	1,516,108	1,579,942	63,834
Intergovernmental - indirect federal	1,486,293	3,755,572	2,792,318	(963,254)
Total revenues	<u>2,408,925</u>	<u>5,283,180</u>	<u>4,446,561</u>	<u>(836,619)</u>
Expenditures				
Instruction	2,061,183	4,923,723	3,544,294	1,379,429
Support services:				
Student	85,167	85,931	65,037	20,894
Instruction staff	123,557	131,499	48,795	82,704
District administrative support	-	-	85,740	-
School administrative support	-	-	700	-
Business support	-	3,009	3,009	-
Student transportation	-	-	72,379	(72,379)
Plant operations (COVID costs)	-	-	5,991	-
Food service (COVID costs)	-	-	170,796	-
Day care (COVID costs)	-	-	165,099	-
Community services activities	185,474	185,474	200,838	(15,364)
Total expenditures	<u>2,455,381</u>	<u>5,329,636</u>	<u>4,362,678</u>	<u>1,395,284</u>
Excess (Deficit) of Revenues over Expenditures	<u>(46,456)</u>	<u>(46,456)</u>	<u>83,883</u>	<u>130,339</u>
Other financing sources (uses)				
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	46,456	46,456	46,456	-
Operating transfers out	-	-	(130,338)	(130,338)
Total other financing sources (uses)	<u>46,456</u>	<u>46,456</u>	<u>(83,882)</u>	<u>(130,338)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	-	-
Fund Balance June 30, 2020	-	-	-	-
Fund Balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS FOR THE YEAR ENDED JUNE 30, 2021**

Budgetary Process

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

- a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year- end.
- b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year- end.
- c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

**BARDESTOWN INDEPENDENT SCHOOL DISTRICT
BARDESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

**TABLE 1--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District 's Proportionate Share of the Net Pension Liability**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
KTRS							
Proportionate share percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proportionate share amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability	62,015,617	58,545,906	55,155,039	110,729,897	118,804,900	94,384,809	80,555,447
Total	\$62,015,617	\$58,545,906	\$ 55,155,039	\$ 110,729,897	\$ 118,804,900	\$94,384,809	\$80,555,447
District's covered-employee payroll	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087	\$ 12,685,204	\$ 12,523,890	\$ 12,290,898
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	58.40%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%
CERS							
Proportionate share percentage	0.17810%	0.17998%	0.17591%	0.17378%	0.17545%	0.17425%	0.17325%
Proportionate share amount	\$13,660,353	\$12,658,003	\$ 10,713,577	\$ 10,172,112	\$ 8,638,512	\$ 7,491,729	\$ 5,619,422
Covered Payroll	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057	\$ 4,095,797	\$ 4,121,647	\$ 4,192,373
Collective share of NPL as % of payroll	297.7%	256.0%	237.6%	228.8%	210.9%	181.8%	134.0%
Plan's fiduciary net position as a percentage of total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

TABLE 2--SCHEDULE OF DISTRICT CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
KTRS							
Actuarially Required Contributions (OPEB)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions Recognized by Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$15,435,525	\$11,698,141	\$ 12,942,308	\$ 11,003,087	\$ 12,685,204	\$12,523,890	\$12,290,898
Contributions as Percentage of Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CERS NONHAZARDOUS PLAN							
Actuarially Required Contributions	\$ 885,670	\$ 954,239	\$ 756,629	\$ 643,789	\$ 625,055	\$ 508,698	\$ 525,510
Contributions Recognized by Plan	\$ 885,670	\$ 954,239	\$ 756,629	\$ 643,789	\$ 625,055	\$ 508,698	\$ 525,510
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057	\$ 4,095,797	\$ 4,121,647	\$ 4,192,373
Contributions as Percentage of Payroll	19.30%	19.30%	16.78%	14.48%	15.26%	12.34%	12.53%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2020**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Actuarial Methods and Assumptions:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed. The amortization period for the unfunded liability was reset as of July 1, 2013, to a closed 30-year period.

The 2019 actuarial valuation used update mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Previous valuations were based on RP-2000 Combined Mortality Tables.

For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	2.30%	3.25%
Salary Increase	3.3% to 11.55% varies by service), average, including Inflation	4% , average, including Inflation
Investment Rate of Return	6.25% , Net of Pension Plan Investment Expense, including Inflation	7.5% , Net of Pension Plan Investment Expense, including Inflation

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION (continued)
FOR THE YEAR ENDED JUNE 30, 2020

COUNTY EMPLOYEES RETIREMENT SYSTEM (continued):

Changes of Benefit Terms -

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

2014: A cash balance plan was introduced for member whose participation date is on or after January 1, 2014

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

2014 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 5.16% to 5.23%.

2015 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 5.23% to 4.88%.

2016 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 4.88% to 4.20%. Rates of withdrawal, retirement, disability and mortality were adjusted based on an experience study conducted in 2015. The Assumed Salary Scale, Price Inflation, and Wage Inflation were also decreased.

2017 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 4.20% to 4.49%.

2018 Changes of Assumptions – The 2018 actuarial analysis for TRS of Ky indicated that cash flow for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038. The actuarial gains for this change will be recognized over the average remaining service lives for active members (10.6 years for the 2020 valuation) and are creating negative pension expense for the TRS pension system.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

**TABLE 3--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District 's Proportionate Share of the Net OPEB Liability**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS - Medical				
Proportionate share percentage	0.24%	0.23%	0.22%	0.24%
Proportionate share amount	\$ 5,962,000	\$ 6,733,000	\$ 7,580,000	\$ 7,758,821
Commonwealth's proportionate share of the net pension liability	6,532,000	6,532,000	6,532,000	6,338,000
Total	\$ 12,494,000	\$ 13,265,000	\$ 14,112,000	\$ 14,096,821
District's covered-employee payroll	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
District's proportionate share of the net pension liability as a percentage of its covered payroll	38.6%	57.6%	58.6%	70.5%
Plan's fiduciary net position as a percentage of total pension liability	39.05%	32.58%	25.54%	21.18%
CERS - Medical				
Proportionate share percentage	0.17809%	0.17993%	0.17591%	0.17378%
Proportionate share amount	\$ 4,300,380	\$ 3,026,375	\$ 3,123,158	\$ 4,300,380
Covered Payroll	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057
Collective share of NPL as % of payroll	93.7%	61.2%	69.3%	96.7%
Plan's fiduciary net position as a percentage of total pension liability	51.67%	60.44%	57.62%	52.40%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2021**

TABLE 4--SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS - Medical				
Actuarially Required Contributions (OPEB)	\$ 414,013	\$ 417,199	\$ 392,924	\$ 372,795
Contributions Recognized by Plan	414,013	417,199	392,924	372,795
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$15,435,525	\$11,698,141	\$ 12,942,308	\$ 11,003,087
Contributions as Percentage of Payroll	2.68%	3.57%	3.04%	3.39%
	2021	2020	2019	2018
CERS - Medical				
Actuarially Required Contributions	\$ 218,435	\$ 235,346	\$ 245,368	\$ 222,057
Contributions Recognized by Plan	218,435	235,346	245,368	222,057
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,446,057	\$ 4,446,057	\$ 4,509,221	\$ 4,095,797
Contributions as Percentage of Payroll	4.91%	5.29%	5.44%	5.42%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL INSURANCE PLAN FOR THE YEAR ENDED JUNE 30, 2020**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2020

2017 Changes in Actuarial assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of Return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and Older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal Bond Index Rate	3.56%
Discount Rate	5.84%

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2020

2017 Changes to benefit terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

2019 Changes to assumptions:

The State's biennial budget for the two years ended June 30, 2020, included the actuarially determined contribution (ADC) rate for the TRS of Ky system plus additional contributions to address the shortfall from previous years. The actuarial analysis for the June 30, 2019 measurement included an assumption that future state contributions would be based on the ADC which provides sufficient funding for all future periods. As a result, TRS used the long-term rate of return, 7.5%, as the 2019 discount rate instead of a blended rate that included the municipal bond index for certain future periods.

2020 Changes to assumptions:

The actuary updated the health care trend rates based on current economic data.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

**TABLE 5 DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LIFE INSURANCE PLAN**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS				
District Proportionate share percentage	0.00%	0.00%	0.00%	0.00%
District Proportionate share amount	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability	144,000	126,000	112,000	85,000
Total	<u>\$ 144,000</u>	<u>\$ 126,000</u>	<u>\$ 112,000</u>	<u>\$ 85,000</u>
District's covered payroll	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	71.57%	73.40%	74.97%	79.99%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2020

2017 Changes to benefit terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

OTHER SUPPLEMENTARY INFORMATION

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total NonMajor Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 407,347	\$ 85,313	\$ 183,989	\$ 676,649
Accounts receivable	-	-	-	1,222	-	1,222
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,347</u>	<u>\$ 86,535</u>	<u>\$ 183,989</u>	<u>\$ 677,871</u>
Liabilities & Fund Balances:						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,799	\$ 10,390	\$ 15,189
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,799</u>	<u>10,390</u>	<u>15,189</u>
Fund Balances						
Restricted	-	-	407,347	-	-	407,347
Committed	-	-	-	81,736	173,599	255,335
Total Fund Balances	<u>-</u>	<u>-</u>	<u>407,347</u>	<u>81,736</u>	<u>173,599</u>	<u>662,682</u>
Total Liabilities & Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,347</u>	<u>\$ 86,535</u>	<u>\$ 183,989</u>	<u>\$ 677,871</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total NonMajor Funds</u>
Revenues:						
From Local Sources:						
Taxes:						
Property	\$ -	\$ -	\$ 2,155,704	\$ -	\$ -	\$ 2,155,704
Tuition and fees	-	-	-	47,274	125,806	173,080
Other local revenues	-	-	-	29,165	172,313	201,478
Intergovernmental - State	50,987	221,217	662,863	-	-	935,067
Total Revenues	<u>50,987</u>	<u>221,217</u>	<u>2,818,567</u>	<u>76,439</u>	<u>298,119</u>	<u>3,465,329</u>
Expenditures						
Current:						
Instruction	-	-	-	111,296	379,352	490,648
Support Services:						
Student support	-	-	-	-	-	-
Instruction staff	-	-	-	16,461	20,550	37,011
Student transportation	-	-	-	316	-	316
Plant operation and maintenance	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt service - principal	1,601,589	-	-	-	-	1,601,589
Debt service - interest	666,957	-	-	-	-	666,957
Total expenditures	<u>2,268,546</u>	<u>-</u>	<u>-</u>	<u>128,073</u>	<u>399,902</u>	<u>2,796,521</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,217,559)</u>	<u>221,217</u>	<u>2,818,567</u>	<u>(51,634)</u>	<u>(101,783)</u>	<u>668,808</u>
Other financing sources (uses)						
Proceeds from sale of bonds	-	-	-	-	-	-
Bond discount and fees	-	-	-	-	-	-
Operating transfers in	2,217,559	-	-	56,548	104,910	2,379,017
Operating transfers out	-	(221,217)	(2,411,220)	-	(12,589)	(2,645,026)
Total other financing sources (uses)	<u>2,217,559</u>	<u>(221,217)</u>	<u>(2,411,220)</u>	<u>56,548</u>	<u>92,321</u>	<u>(266,009)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>407,347</u>	<u>4,914</u>	<u>(9,462)</u>	<u>402,799</u>
Fund Balance June 30, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,822</u>	<u>183,061</u>	<u>259,883</u>
Fund Balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,347</u>	<u>\$ 81,736</u>	<u>\$ 173,599</u>	<u>\$ 662,682</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 ALL ACTIVITY FUNDS
 JUNE 30, 2021**

	<u>Cash</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balance</u>
Bardstown Elementary School	\$ 9,553	\$ -	\$ 166	\$ 9,387
Bardstown Middle School	21,899	-	-	21,899
Bardstown High School	122,101	-	10,224	111,877
Bardstown Primary School	19,712	-	-	19,712
Bardstown Early Childhood	10,724	-	-	10,724
	<u>\$ 183,989</u>	<u>\$ -</u>	<u>\$ 10,390</u>	<u>\$ 173,598</u>
Totals				

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING SCHEDULE OF CHANGES IN FUND BALANCE
 ALL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance Beginning</u>	<u>Fund Balance Ending</u>
Bardstown Elementary School	\$ 6,407	\$ (6,915)	\$ -	\$ (507)	\$ 9,894	\$ 9,387
Bardstown Middle School	49,105	(65,400)	8,644	(7,651)	29,551	21,900
Bardstown High School	228,045	(315,656)	83,677	(3,934)	115,810	111,877
Bardstown Primary School	5,170	(4,939)	-	232	19,480	19,712
Bardstown Early Childhood	9,392	(6,994)	-	2,398	8,326	10,724
Totals	<u>\$ 298,120</u>	<u>\$ (399,903)</u>	<u>\$ 92,321</u>	<u>\$ (9,462)</u>	<u>\$ 183,061</u>	<u>\$ 173,599</u>

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 BARDSTOWN HIGH SCHOOL
 JUNE 30, 2021**

	Cash Balance	Accounts Receivable	Accounts Payable	Fund Balance
Athletics				
Athletics General	\$ -	\$ -	\$ -	\$ -
Fellowship of Christian Athletes	761			761
Archery	-			-
Friends of Archery	28			28
Baseball	-			-
Friends of Baseball	17,178		3,894	13,284
Basketball - Boys	-			-
Friends of Boy's Basketball	656			656
Basketball - Girls	-			-
Friends of Girls Basketball	14,062			14,062
Bowling	-			-
Friends of Bowling	1,267			1,267
Cheerleading	-			-
Friends of Cheerleading	-			-
Football	5,489			5,489
Football playoffs	-			-
Cross Country	2,570			2,570
Friends of Cross Country	-			-
Soccer- Boys	-			-
Friends of Boy's Soccer	714			714
Soccer- Girls	-			-
Friends of Girl's Soccer	815			815
Golf	-			-
Friends of Golf	825			825
Softball/Fast Pitch	-			-
Friends of Softball	7,627			7,627
Swim	-			-
Friends of Swim	632			632
Tennis	-			-
Friends of Tennis	-			-
Track	-			-
Friends of Track	5,930			5,930
Volleyball	-			-
Friends of Volleyball	1,065			1,065
Wrestling	-			-
Friends of Wrestling	37			37
Sub Total Athletics	<u>\$ 59,656</u>	<u>\$ -</u>	<u>\$ 3,894</u>	<u>\$ 55,762</u>

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 BARDSTOWN HIGH SCHOOL (continued)
 JUNE 30, 2021**

	Cash Balance	Accounts Receivable	Accounts Payable	Fund Balance
Academic				
Academic Club	\$ -	\$ -	\$ -	\$ -
Art Club	121			121
Friends of Art	150			150
Bookstore	-			-
Band	-			-
Friends of Band	2,585			2,585
Bookstore	320			320
Career & Transition Experiences	-			-
Chess Club	110			110
Chorus	-			-
Friends of Chorus	189			189
Debate Team	446			446
Drama	-			-
Exams & Testing	3,371			3,371
FBLA Club	892			892
FCCLA	1,427			1,427
Foreign Language	545			545
Friends of Foreign Language	-			-
General Fund	5,819			5,819
HOSA	1,465			1,465
Industrial Technology	101			101
Junior/Senior Prom	2,176			2,176
Key Club	1,742			1,742
Music Club	8,830			8,830
National Honor Society	6,665		6,330	335
Orchestra	-			-
Friends of Orchestra	5,251			5,251
Science Club	113			113
Science Olympiad	661			661
Senior Class	1,501			1,501
Special Education	657			657
Speech	-			-
Friends of Speech	567			567
STEM	12,225			12,225
Teacher Cadet Program	-			-
Technology	840			840
Technology Students Assoc	-			-
Friends of Technology Students	115			115
Tiger Mentoring	1,200			1,200
Vending	1,031			1,031
Y-Club	1,330			1,330
Yearbook	-			-
Subtotal Academic	<u>62,445</u>	<u>-</u>	<u>6,330</u>	<u>56,115</u>
TOTAL	<u>\$ 122,101</u>	<u>\$ -</u>	<u>\$ 10,224</u>	<u>\$ 111,877</u>

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF CHANGES IN FUND BALANCE
 BARDSTOWN HIGH SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2021**

	Revenues	Expenditures	Transfers	Net Change in Fund Balance	Fund Balance Beginning	Fund Balance Ending
Athletics						
All A Classic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Athletics General	12,330.00	(7,906.65)	(5,323.41)	(900.06)	900.06	-
Fellowship of Christian Athletes				-	761	761
Archery		(1,576)	1,576	-		-
Friends of Archery		(501)		(501)	528	28
Baseball	1,833	(6,201)	4,368	-		-
Friends of Baseball	19,215	(32,151)		(12,936)	26,220	13,284
Basketball - Boys	9,051	(20,315)	11,264	-		-
Friends of Boy's Basketball	16,726	(16,374)		352	304	656
Basketball - Girls	4,660	(9,809)	5,149	-		-
Friends of Girls Basketball	19,347	(13,991)		5,357	8,705	14,062
Bowling	-	(2,371)	2,371	-		-
Friends of Bowling				-	1,267	1,267
Cheerleading	1,190	(9,088)	7,898	-	-	-
Friends of Cheerleading	8,551	(4,599)		3,952	1,537	5,489
Cross Country		(1,754)	1,754	-	-	-
Friends of Cross Country	4,943	(3,633)		1,310	1,260	2,570
19th District Bball				-		-
Football	15,843	(15,843)		-		-
Golf		(3,820)	3,820	-		-
Friends of Golf		(477)		(477)	1,191	714
Soccer- Boys	3,081	(3,184)	103	-		-
Friends of Boy's Soccer	845	(1,742)		(897)	1,712	815
Soccer- Girls	4,785	(13,033)	8,248	-		-
Friends of Girl's Soccer		(1,644)		(1,644)	2,469	825
Softball/Fast Pitch	2	(5,240)	5,238	-		-
Friends of Softball	3,053	(1,316)		1,738	5,889	7,627
Swim		(8,754)	8,754	-		-
Friends of Swim		(249)		(249)	881	632
Tennis		(1,317)	1,317	-		-
Friends of Tennis				-		-
Track	2,230	(4,672)	2,442	-		-
Friends of Track	10,532	(9,164)		1,368	4,562	5,930
Volleyball	4,667	(5,939)	1,272	-		-
Friends of Volleyball	600	(600)		-	1,065	1,065
Wrestling	1,089	(4,346)	3,257	-		-
Friends of Wrestling	337	(302)		35	2	37
Sub Total Athletics	<u>\$ 144,910</u>	<u>\$ (211,912)</u>	<u>\$ 63,509</u>	<u>\$ (3,492)</u>	<u>\$ 59,255</u>	<u>\$ 55,762</u>

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN, KENTUCKY
SCHEDULE OF CHANGES IN FUND BALANCE
BARDSTOWN HIGH SCHOOL (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

	Revenues	Expenditures	Transfers	Net Change in Fund Balance	Fund Balance Beginning	Fund Balance Ending
Academic						
Academic Club	\$ -	\$ (2,114)	\$ 2,114	\$ -	\$ -	\$ -
Art Club	121			121		121
Friends of Art				-	150	150
Aces Class				-		-
Band		(14,876)	14,876	-		-
Friends of Band	5,486	(5,162)		324	2,261	2,585
Bookstore				-	320	320
Career & Transition Experiences		(70)	70	-		-
Chess Club		(17)		(17)	127	110
Chorus		(665)	665	-		-
Friends of Chorus	189			189		189
Debate Team				-	446	446
Drama	33	(1,285)	1,252	-		-
Exams & Testing	12,565	(11,898)		667	2,704	3,371
FBLA Club	196	(541)		(346)	1,238	892
FCCLA	1,050	(880)		170	1,257	1,427
Foreign Language				-	545	545
Friends of Foreign Language				-		-
General Fund	1,017	(3,054)		(2,037)	7,856	5,819
HOSA	6,313	(4,848)		1,465		1,465
Industrial Technology				-	101	101
Junior/Senior Prom	3,400	(2,760)		640	1,536	2,176
Key Club				-	1,742	1,742
Music Club	42,130	(40,267)		1,863	6,967	8,830
National Honor Society	841	(1,734)		(893)	1,228	335
Orchestra		(250)	250	-		-
Friends of Orchestra	201	(191)		10	5,241	5,251
Science Club				-	113	113
Science Olympiad				-	661	661
Senior Class	4,560	(6,780)		(2,220)	3,721	1,501
Spanish Club				-		-
Special Education				-	657	657
Speech	500	(909)	409	-		-
Friends of Speech	1,485	(918)		567		567
STEM	-	(1,525)		(1,525)	13,750	12,225
Teacher Cadet Program		(133)		(133)	133	-
Technology	1,373	(533)		840		840
Tech Student Association	(0)	(535)	532	(3)	3	-
Friends of Tech Students				-	115	115
Tiger Mentoring				-	1,200	1,200
Vending	434	(422)		12	1,019	1,031
Y-Club	45	(181)		(136)	1,466	1,330
Yearbook	1,196	(1,196)		-		-
Subtotal Academic	<u>83,135</u>	<u>(103,744)</u>	<u>20,168</u>	<u>(441)</u>	<u>56,556</u>	<u>56,115</u>
TOTAL	<u>\$ 228,045</u>	<u>\$ (315,656)</u>	<u>\$ 83,677</u>	<u>\$ (3,934)</u>	<u>\$ 115,811</u>	<u>\$ 111,877</u>

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

NOTE: These activities are reported in the School Activity Fund.

BARDSTOWN INDEPENDENT SCHOOLS
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Passed through to Subrecipients</i>	<i>Federal Expenditures(\$)</i>
Passed Through Kentucky Department of Education				
United States Department of Agriculture				
<i>Child Nutrition Cluster-Cluster</i>				
United States Department of Agriculture				
National School Lunch Program				
National School Lunch Program	10.555	4000808	\$ - \$	149,677
School Breakfast Program	10.553	7760005-20		7,828
National School Lunch Program	10.555	7750002-20		12,374
Summer School Feeding Program	10.559	7690024-20		12,508
Summer School Feeding Program	10.559	7690024-21		82,395
Summer School Feeding Program	10.559	7740023-20		137,156
Summer School Feeding Program	10.559	7740023-21		<u>1,047,049</u>
Total Child Nutrition Cluster-Cluster				1,448,987
Child and Adult Care Food Program	10.558	7790021-20		2,252
Child and Adult Care Food Program	10.558	7790021-21		6,790
Child and Adult Care Food Program	10.558	7800016-20		119
Child and Adult Care Food Program	10.558	7800016-21		<u>399</u>
Total Child and Adult Care Food Program				9,560
State Administrative Expenses for Child Nutrition	10.560	7700001-20		<u>3,651</u>
Total United States Department of Agriculture				<u>1,462,198</u>
<i>Special Education Cluster (IDEA)-Cluster</i>				
Department of Education				
Special Education Grants to States				
Special Education Grants to States	84.027	3810002-19		181,281
Special Education Grants to States	84.027	3810002-20		<u>430,073</u>
Total Special Education Grants to States				<u>611,354</u>
Special Education Preschool Grants				
Special Education Preschool Grants	84.173	3800002-19		10,308
Special Education Preschool Grants	84.173	3800002-20		<u>19,676</u>
Total Special Education Preschool Grants				<u>29,984</u>
Total Special Education Cluster (IDEA)-Cluster				<u>641,338</u>
<i>Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act</i>				
ESSER FUNDS				
COVID-19 GEER FUNDS	84.425C	CARES ACT GEER -633FP	1,989	1,989
COVID-19 GEER FUNDS	84.425C	CARES ACT GEER -633F		67,249
COVID- 19 ESSER FUNDS	84.425D	4000003-20		3,009
COVID- 19 ESSER FUNDS	84.425D	4000002-20	48,385	324,211
COVID- 19 ESSER FUNDS	84.425D	4200002-21		<u>711,445</u>
Total ESSER FUNDS			<u>50,374</u>	<u>1,107,903</u>
<i>Title I Grants to Local Educational Agencies</i>				
Title I Grants to Local Educational Agencies	84.010	3110002-19		221,097
Title I Grants to Local Educational Agencies	84.010	3110002-20		<u>391,093</u>
Total Title I Grants to Local Educational Agencies				<u>612,190</u>
<i>Career and Technical Education -- Basic Grants to States</i>				
Career and Technical Education -- Basic Grants to States	84.048	3710002-19		1,663
Career and Technical Education -- Basic Grants to States	84.048	3710002-20		<u>21,329</u>
Total Career and Technical Education -- Basic Grants to States				<u>22,992</u>

The accompanying notes are an integral part of this schedule.

BARDSTOWN INDEPENDENT SCHOOLS
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Passed through to Subrecipients</i>	<i>Federal Expenditures(\$)</i>
<i>Rural Education</i>				
Rural Education	84.358	3140002-19	\$ -	\$ 46,798
Rural Education	84.358	3140002-18		31,850
<i>Total Rural Education</i>				<u>78,648</u>
<i>English Language Acquisition Grants</i>				
English Language Acquisition State Grants	84.365	3300002-19		1
English Language Acquisition State Grants	84.365	3300002-20		18,768
<i>Total English Language Acquisition State Grants</i>				<u>18,769</u>
<i>Improving Teacher Quality State Grants</i>				
Supporting Effective Instruction State Grants	84.367	3230002-19		18,223
Supporting Effective Instruction State Grants	84.367	3230002-18		970
Supporting Effective Instruction State Grants	84.367	3230002-20		1,105
<i>Total Supporting Effective Instruction State Grants</i>				<u>20,298</u>
<i>Student Support and Academic Enrichment Program</i>				
Student Support and Academic Enrichment Program	84.424	3420002-18		4,850
Student Support and Academic Enrichment Program	84.424	3420002-19		30,285
Student Support and Academic Enrichment Program	84.424	3420002-20		22,813
<i>Total Student Support and Academic Enrichment Program</i>				<u>57,948</u>
Total Department of Education				<u>2,560,086</u>
Department of Health and Human Services				
<i>Child Care and Development Block Grant</i>				
CARES- Child Care and Development Block Grant	93.575	CARES - 658FC		88,580
CARES- Child Care and Development Block Grant	93.575	CARES -672G		125,980
CARES- Child Care and Development Block Grant	93.575	CARES -658FP		15,000
<i>Total Child Care and Development Block Grant</i>				<u>229,560</u>
<i>Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance</i>				
	93.079	PROMOTING AOLESCENT HEAL--493F		300
<i>Total Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance</i>				<u>300</u>
Total Department of Health and Human Services				<u>229,860</u>
Department of The Treasury				
<i>Coronavirus Relief Fund</i>				
CARES- Coronavirus Relief Fund	21.019	CARES -663G		1,612
CARES- Coronavirus Relief Fund	21.019	CARES -17GG		488,278
<i>Total Coronavirus Relief Fund</i>				<u>489,890</u>
Total Department of the Treasury				<u>489,890</u>
Total Expenditures of Federal Awards			<u>\$ 50,374</u>	<u>\$ 4,742,034</u>

The accompanying notes are an integral part of this schedule.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

NOTE 1- BASIS OF PRESENTATION

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

- 1) 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.
- 2) Bardstown Independent School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2021, the District received food commodities totaling \$149,677.

NOTE 4 – SUBRECIPIENTS

The District did pass through federal awards to a subrecipient in the current fiscal year of \$50,374.

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

Section II – Financial Statement Findings

No findings in the current year.

Section III – Federal Award Findings and Questioned Costs

No findings in the current year.

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

Financial Statement Findings

2021-001 Publication

Condition: District did not publish a copy of the budget in a newspaper.

Criteria: Publication of Budget of school systems – KRS 1424.250

Cause: The District inadvertently missed the publishing of the Budget.

Effect: Noncompliance with Kentucky Revised Statutes.

Recommendation: District should publish the Budget in the local newspaper.

There was no such finding in the current year.

2021-002 Single Salary Schedule

Condition: Two Job classifications were not on the approved salary schedule

Criteria: Observance of approved single salary schedule – KRS 157.320(12), KRS 157.50(3), and 702 KAR 3:070

Cause: Two employees job classifications were inadvertently not placed on the approved salary schedule

Effect: Noncompliance with Kentucky Revised Statutes and underpayment of employees.

Recommendation: District personnel should ensure pay rates are updated and match the approved salary schedule.

There was no such finding in the current year.

Federal Award Findings and Questioned Costs

No findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.

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

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bardstown Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Bardstown Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bardstown 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bardstown 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management for the District in a separate letter dated November 12, 2021.

Purpose of this Report

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

Summers, McCrary & Sparks, PSC

Lexington, KY
November 12, 2021

SUMMERS, MCCRARY & SPARKS, P.S.C.

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

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

Report on Compliance for Each Major Federal Program

We have audited the Bardstown 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 Bardstown Independent School District's major federal programs for the year ended June 30, 2021. Bardstown 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 Bardstown 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 Bardstown 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 Bardstown Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bardstown 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 Bardstown 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 Bardstown 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 Bardstown 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Summers, McCrary & Sparks, PSC

Lexington, KY
November 12, 2021

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Members of the Board of Education
Bardstown Independent School District
Bardstown, Kentucky

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

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 12, 2021 on the financial statements of the Bardstown Independent School District

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

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 12, 2021

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2021**

BOARD

Comment: While performing procedures over capital assets, it was noted that the client capitalized CIP before the project was officially closed (no BG-5 approved). Per KDE guidance construction projects should remain in CIP until BG-5 has been approved. We recommend client file BG-5s in a timely manner upon completion of projects.

Response: The finance officer will work with the director of facilities to process the BG-5 document in a timely manner.

Comment: While performing procedures over capital assets, it was noted that the client was overbudget on construction project. Per KDE guidance a revised BG-1 should be filed for any changes in cost. We recommend the client file a revised BG-1 when it is required.

Response: The finance officer will work with the director of facilities to ensure that project documents are completed as required.

SCHOOL ACTIVITY FUNDS

BARDSTOWN INDEPENDENT HIGH SCHOOL

Comment: During our review of fundraisers, it was noted that one fundraiser did not have any approval signatures. b) We recommend the bookkeeper and principal review the Fundraising section of the Redbook, which states, "The principal or a designee shall approve all other fundraisers in the school, including the proposed use of funds. The same Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins."

Response: The bookkeeper and principal have both reviewed the fundraising section of the Redbook. The principal will ensure he approves all fundraisers (Form F-SA-2A) before the fundraiser begins.

Comment: During our review of cash disbursements, it was noted that a purchase had been incurred before being approved by the principal. a) We recommend the bookkeeper review the "purchasing section of the "Redbook", which states, "Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee."

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2021**

Response: The bookkeeper and principal have met and discussed this issue. Moving forward, a purchase will not be incurred before being approved by the principal. The bookkeeper has reviewed the purchasing section of the Redbook, and she understands that, before being processed, each disbursement must be documented by a completed purchase order and an original vendor invoice. Further, she is aware that, if a vendor invoice is not available, the disbursement must be supported by a F-SA-8, and that this form must be signed by the payee.

BARDSTOWN MIDDLE SCHOOL

Comment: During our review of cash receipts, it was noted a multiple receipt form was not being signed individually by students. a) We recommend the bookkeeper review the “receipts” section of the Redbook, which states, “Students sixth grade and above must sign the Multiple Receipt Form, unless physically unable to sign.”

Response: In response to the multiple receipt form violation, the principal reiterated to the staff that students need to sign their own name.

BARDSTOWN ELEMENTARY SCHOOL

Comment: While reviewing cash disbursements, we noted a PO that was not approved by the principal. We recommend the bookkeeper review the “Expenditures” section of the Redbook, which states, “The school treasurer shall match up the purchase order, shipping document (if applicable), and vendor or standard invoice and verify that all items ordered have been received, services have been satisfactorily performed, all amounts agree, and that all necessary approvals and signatures have been obtained. Any problems or discrepancies shall be resolved before a check is written.”

Response: The bookkeeper will check all documents for proper signatures on all copies of documents.

BARDSTOWN EARLY CHILDHOOD

Comment: While reviewing fundraisers, it was noted that the school did not complete a fundraiser summary form when the fundraiser was over. We recommend the bookkeeper review the fundraising section of the Redbook, which states, Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2021**

Response: The bookkeeper will review the Redbook requirements for fundraising activities and complete the summary form in the future for each fundraiser.

Comment: While reviewing cash receipts, it was noted that the funds collected were not being turned in on a daily basis. We recommend the bookkeeper review the "receipts" section of the Redbook, which states, "All monies collected shall be deposited on a daily basis except for: a) A deposit shall be made on any day in which at least \$100 is on hand to deposit. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until the earlier of when \$100 is collected or the weekly deposit is made as required by paragraph c) of this item. If not deposited the day the money is collected, the treasurer still must write the receipt the day the money is collected."

Response: The bookkeeper has reviewed Redbook requirements for receipts and will deposit funds received which are in excess of \$100 collectively on a daily basis.

Comment: While reviewing cash receipts, it was noted that a multiple receipt form did not have the required signatures of the person turning in the funds. We recommend the bookkeeper review the "receipts" section of the Redbook, which gives guidance on correctly completing the Multiple Receipt Form.

Response: The bookkeeper has used the Multiple Receipt Form to summarize the deposits as a cover that compiles separate MRF from staff, with the supporting separate MRF(s) attached. In addition the bookkeeper is aware that in the future there must be a segregation of duties for the collection of coke/candy sales with another staff member completing the MRF.

Comment: During our review of cash receipts, it was noted a deposit ticket did not have any backup documentation for the receipt. We recommend the bookkeeper review the "receipts" section of the Redbook, which states, "A pre-numbered receipt shall be issued to the payer immediately any time money is received, and all receipt numbers shall be accounted for (if electronic receipts are issued, print a copy for the payer).

Response: There will be a separate staff member who will collect sales of coke/candy and complete a multiple receipt form to the deposit by the bookkeeper.

BARDSTOWN PRIMARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2021**

STATUS OF PRIOR YEAR COMMENTS

BOARD

Nothing noted.

SCHOOL ACTIVITY FUNDS

BARDSTOWN INDEPENDENT HIGH SCHOOL

Previously, during our testing of receipts, we noted several instances of deposits being made more than a week after remittance of funds. We recommend the bookkeeper review the "Receipts" section of the Redbook, which states "At a minimum, deposits shall be made on the last workday of the week, even if the deposit amount is less than \$100." There was no similar finding in the current year.

Previously, during our testing of receipts, we noted several instances of ticket forms not being completed correctly. We recommend the bookkeeper review the "Ticket Sales" section of the Redbook, which states "The person in charge of sales requests one or more rolls of tickets (more than one color if there are to be different adult and student ticket prices) from the ticket controller. The first ticket from each roll is attached to the Requisition and Report of Ticket Sales (Form F-SA-1) as the tickets are picked up." There was no similar finding in the current year.

Previously, during our testing, we noted an instance of a fundraiser approval form not having an indication of approval or non approval of the fundraiser. We recommend the bookkeeper review the "Fundraisers" Section of the Redbook, which gives guidance on how to correctly fill out the Fundraiser Approval Form (F-SA-2A). There was a similar finding in the current year.

BARDSTOWN MIDDLE SCHOOL

Nothing noted.

BARDSTOWN ELEMENTARY SCHOOL

Previously, during our testing of receipts, we found 2 instances of Multiple Receipt Forms not having dates indicating when the amounts were remitted or deposited by the bookkeeper. We recommend the bookkeeper review the "Receipts" section of the Redbook, which gives guidance on correctly completing the Multiple Receipt Form. There was no similar finding in the current year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2021**

BARDSTOWN EARLY CHILDHOOD

Previously, during our testing, we noted several instances of fundraiser approval forms not having an indication of approval or non approval of the fundraiser. We recommend the bookkeeper review the "Fundraisers" Section of the Redbook, which gives guidance on how to correctly fill out the Fundraiser Approval Form (F-SA-2A). There was no similar finding in the current year.

BARDSTOWN PRIMARY

Previously, during our testing, we noted an instance of a fundraiser approval form not having an indication of approval or non approval of the fundraiser. We recommend the bookkeeper review the "Fundraisers" Section of the Redbook, which gives guidance on how to correctly fill out the Fundraiser Approval Form (F-SA-2A). There was no similar finding in the current year.

APPENDIX C

**Bardstown Independent School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2022**

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of December 1, 2022 by and between the Board of Education of Bardstown, Kentucky ("Board"); the Bardstown Independent School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$3,410,000 of the Corporation's Energy Conservation Revenue Bonds, Series of 2022, dated December 1, 2022 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Municipal Advisor") and approved by the authorized representatives of the Board and the Corporation, and

WHEREAS, the Securities and Exchange Commission ("SEC"), pursuant to the Securities and Exchange Act of 1934, has amended the provisions of SEC Rule 15c2-12 relating to financial disclosures by the issuers of municipal securities under certain circumstances ("Rule"), and

WHEREAS, it is intended by the parties to this Agreement that all terms utilized herein shall have the same meanings as defined by the Rule, and

WHEREAS, the Board is an "obligated person" as defined by the Rule and subject to the provisions of said Rule, and

WHEREAS, failure by the Board and the Corporation to observe the requirements of the Rule will inhibit the subsequent negotiation, transfer and exchange of the Bonds with a resulting diminution in the market value thereof to the detriment of the Registered and Beneficial Owners of said Bonds and the Board;

NOW, THEREFORE, in order to comply with the provisions of the Rule and in consideration of the purchase of the Bonds by the Registered and Beneficial Owners, the parties hereto agree as follows:

1. ANNUAL FINANCIAL INFORMATION

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year, commencing with fiscal year ending June 30, 2022, to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information and operating data provided annually, of the type included in the FOS with respect to the Board in accordance with guidelines established by the National Federation of Municipal Analysts, and shall include annual audited financial statements for the Board in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the Board and the information provided in the FOS under the headings "OUTSTANDING BONDS", "BOND DEBT SERVICE", "DISTRICT STUDENT POPULATION", "LOCAL SUPPORT - Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment". If audited financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

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

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

2. MATERIAL EVENTS NOTICES

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

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

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

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

(C) Guarantee of paragraph (A) or (B) above.

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

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

The Finance Officer of the Board shall be the responsible person for filing the annual financial information and/or notices of the events set forth above within the time prescribed in this Agreement. The Board shall cause the Finance Officer to institute an internal tickler system as a reminder of the obligations set forth herein. By December 1 of each fiscal year and each 30 days thereafter the Finance Officer will contact the auditor for the Board to determine when the audited financial statements will be finalized. The Finance Officer will impress upon the auditor the necessity of having such audited financial report on or before September 15. Within 5 days of receipt of such audited financial report the finance officer will cause the annual financial information to be filed as required by this Agreement.

3. SPECIAL REQUESTS FOR INFORMATION

Upon the request of any Registered or Beneficial Owner of the Bonds or the original purchaser of the Bonds or any subsequent broker-dealer buying or selling said Bonds on the secondary market ("Underwriters"), the Board shall cause financial information or operating data regarding the conduct of the affairs of the Board to be made available on a timely basis following such request.

4. DISCLAIMER OF LIABILITY

The Board and the Corporation hereby disclaim any liability for monetary damages for any breach of the commitments set forth in this Agreement and remedies for any breach of the Board's continuing disclosure undertaking shall be limited to an action for specific performance or mandamus in a court of competent jurisdiction in Kentucky following notice and an opportunity to cure such a breach.

5. FINAL OFFICIAL STATEMENT

That the Final Official Statement prepared by the Municipal Advisor and approved by the authorized representatives of the Board and the Corporation is hereby incorporated in this Agreement as fully as if copied herein and the "annual financial information" required under Section 1 hereof shall in summary form update the specific information set forth in said FOS.

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

**BOARD OF EDUCATION OF
BARDSTOWN INDEPENDENT, KENTUCKY**

Attest:

Chairman

Secretary

**BARDSTOWN INDEPENDENT SCHOOL
DISTRICT FINANCE CORPORATION**

Attest:

President

Secretary

APPENDIX D

**Bardstown Independent School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2022**

Official Terms and Conditions of Sale

**OFFICIAL
TERMS AND CONDITIONS OF BOND SALE**

\$3,410,000*

**Bardstown Independent School District Finance Corporation
Energy Conservation Revenue Bonds, Series of 2022
Dated December 1, 2022**

SALE: November 10, 2022 AT 11:00 A.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Bardstown (Kentucky) Independent School District Finance Corporation ("Corporation") will until 11:00 A.M., E.S.T., on November 10, 2022 receive at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, competitive bids for the purchase of \$3,410,000 principal amount of Bardstown Independent School District Finance Corporation Energy Conservation Revenue Bonds, Series of 2022, dated December 1, 2022. To be considered bids must be submitted on an Official Bid Form and must be received by facsimile transmission or electronically Via PARITY® on the date of sale no later than the hour indicated. 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* as described herein.

**BARDSTOWN (KENTUCKY) 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 facilities for and on behalf of the Board of Education of Bardstown, 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 162.385, 58.010 through 58.140, 58.180, 58.600 through 58.615, 45A.345 through 45A.460, 65.940 through 65.956, 160.160(5) and 162.120 through 162.290 (collectively, the "Act") 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 the improvements consisting of Energy Conservation Measures, as contemplated by the Act, at Bardstown High School, Bardstown Middle School and Career/Tech School (collectively, the "ECM Project") and are secured by a lien on and pledge of the revenues from the rental of the ECM Project property 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 of rental revenues securing the Corporation's School Building Revenue Bonds previously issued to improve or refinance the school building properties in which the ECM Project is to be implemented (the "Parity Bonds").

The rental of the ECM Project properties 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 ECM 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 property and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications which have been approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation and a Lease shall be entered into whereunder the annual rental payments during the life of such additional bonds shall be increased by the amount of the annual principal and interest requirements of such additional bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$1,000 within the same maturity, bear interest from December 1, 2022, payable on February 1, 2024, and semi annually thereafter and shall mature as to principal on February 1 in each of the years as follows:

<u>YEAR</u>	<u>MATURITIES*</u>	<u>YEAR</u>	<u>MATURITIES*</u>
2024	\$ 4,000	2034	\$148,000
2025	37,000	2035	165,000
2026	46,000	2036	184,000
2027	56,000	2037	203,000
2028	66,000	2038	224,000
2029	78,000	2039	247,000
2030	90,000	2040	271,000
2031	103,000	2041	378,000
2032	117,000	2042	412,000
2033	132,000	2043	449,000

* Subject to a Permitted Adjustment as further described herein which may be applied in any or all maturities.

The Bonds maturing on or after February 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2027, 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 Corporation will deliver Bond Certificates to U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, fully registered in the name of Cede & Co., New York, New York, as the designee of The Depository Trust Company ("DTC"). The payment of all interest, principal and redemption premium, if any, as well as all transfers of ownership of the Bonds shall be effected through the Book Entry Only System facilitated through DTC to Owners of record as of the 15th day of the previous month.

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, or by visiting www.rsamuni.com submitted manually, by facsimile or electronically via PARITY® INFRA.

(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 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

(C) The minimum bid shall be not less than \$3,341,800 (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 \$3,410,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by \$341,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$3,069,000 or a maximum of \$3,751,000. 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 \$1,000 of Bonds as the price per \$1,000 for the \$3,410,000 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 November 10, 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 Financial Advisor within twenty four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on February 1 in accordance with the maturity schedule setting the actual size of the issue.

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

(I) The Corporation shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2 12.

(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 via the Book-Entry-Only-System administered by DTC. Payment shall be in FEDERAL FUNDS.

(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 August 9, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the Kentucky Department of Education ("DOE"), an appointee of the reconstituted Kentucky Board of 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 157.440(1) 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 157.440(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 becomes 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. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

CONTINUING DISCLOSURE

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

Financial information regarding the Board may be obtained from Superintendent, Bardstown Independent Board of Education, 308 N. Fifth Street, Bardstown, Kentucky 40004 (502-331-8800).

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

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

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

**BARDSTOWN INDEPENDENT (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION**

By /s/ Dr. Ryan Clark
Secretary

APPENDIX E

**Bardstown Independent School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2022**

Official Bid Form

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

The Bardstown (Kentucky) Independent School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.S.T., on November 10, 2022, receive in the office of the Executive Director of the Kentucky Schools Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, (telephone 502-564-5582; Fax 888-979-6152) competitive bids for its \$3,410,000 School District Finance Corporation Energy Conservation Revenue Bonds, Series of 2022, dated December 1, 2022; maturing February 1, 2024 through 2043 ("Bonds").

We hereby bid for said \$3,410,000* principal amount of Bonds, the total sum of \$ _____ (not less than \$3,341,800) plus accrued interest from December 1, 2022 payable February 1, 2024 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on February 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2024	\$ 4,000	_____%	2034	\$148,000	_____%
2025	37,000	_____%	2035	165,000	_____%
2026	46,000	_____%	2036	184,000	_____%
2027	56,000	_____%	2037	203,000	_____%
2028	66,000	_____%	2038	224,000	_____%
2029	78,000	_____%	2039	247,000	_____%
2030	90,000	_____%	2040	271,000	_____%
2031	103,000	_____%	2041	378,000	_____%
2032	117,000	_____%	2042	412,000	_____%
2033	132,000	_____%	2043	449,000	_____%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$3,751,000 of Bonds or as little as \$3,069,000 of Bonds, at the same price per \$1,000 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 November 10, 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 Financial Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption on February 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through 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 December 1, 2022 and upon acceptance by the Issuer's Financial Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

_____ Bidder

By _____
Authorized Officer

_____ Address

Total interest cost from December 1, 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 Bardstown 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>
2024	_____,000	_____%	2034	_____,000	_____%
2025	_____,000	_____%	2035	_____,000	_____%
2026	_____,000	_____%	2036	_____,000	_____%
2027	_____,000	_____%	2037	_____,000	_____%
2028	_____,000	_____%	2038	_____,000	_____%
2029	_____,000	_____%	2039	_____,000	_____%
2030	_____,000	_____%	2040	_____,000	_____%
2031	_____,000	_____%	2041	_____,000	_____%
2032	_____,000	_____%	2042	_____,000	_____%
2033	_____,000	_____%	2043	_____,000	_____%

Dated: November 10, 2022

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