PRELIMINARY OFFICIAL STATEMENT

DATED MARCH 21, 2023

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.

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).

$1,445,000*
CARLISLE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
ENERGY CONSERVATION REVENUE BONDS,
SERIES OF 2023

Dated with Delivery: APRIL 19, 2023 **Due: as shown below**

Interest on the Bonds is payable each October 1 and April 1, beginning October 1, 2023. The Bonds will mature as to principal on April 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-Apr	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Jun	Amount*	Interest Rate	Reoffering Yield	CUSIP
2024	$32,000	%	%		2034	$69,000	%	%	
2025	$30,000	%	%		2035	$75,000	%	%	
2026	$33,000	%	%		2036	$81,000	%	%	
2027	$37,000	%	%		2037	$87,000	%	%	
2028	$41,000	%	%		2038	$95,000	%	%	
2029	$45,000	%	%		2039	$102,000	%	%	
2030	$49,000	%	%		2040	$110,000	%	%	
2031	$54,000	%	%		2041	$118,000	%	%	
2032	$59,000	%	%		2042	$127,000	%	%	
2033	$64,000	%	%		2043	$137,000	%	%	

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 Carlisle County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project (as hereinafter defined) on an annual renewable basis to the Carlisle County Board of Education.

The Carlisle County (Kentucky) School District Finance Corporation will until March 29, 2023, at 11:00 A.M., E.D.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 $145,000.**

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.

CARLISLE COUNTY, KENTUCKY
BOARD OF EDUCATION

Brian Grogan, Chairperson
Kirk Arnold, Member
Casey Storm, Member
Scott McIntyre, Member
John Matt Fourshee, Member

Casey Henderson, Superintendent
Rachel Bowles, Secretary

CARLISLE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

Brian Grogan, President
Kirk Arnold, Member
Casey Storm, Member
Scott McIntyre, Member
John Matt Fourshee, Member

Rachel Bowles, Secretary/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 Carlisle County School District Finance Corporation Energy Conservation Revenue Bonds, Series of 2023, 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.

TABLE OF CONTENTS

OFFICIAL STATEMENT
Relating to the Issuance of

$1,445,000*

CARLISLE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
ENERGY CONSERVATION REVENUE BONDS,
SERIES OF 2023

**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 Carlisle County School District Finance Corporation (the "Corporation") Energy Conservation Revenue Bonds, Series of 2023 (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 Carlisle County Board of Education (the "Board") on a year to year basis (see "Security" herein).

All financial and other information presented in this Official Statement has been provided by the Carlisle County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated April 29, 2023, 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:

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
2022-24	5,305,300
Total	$189,166,500

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 1986 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

The General Assembly adopted a budget for the biennial period ending June 30, 2024 which was approved and signed 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
2007	$565,000	$180,000	$0	$565,000	4.125%	2027
2011-QZAB	$4,010,000	$4,010,000	$2,378,455	$1,631,545	4.600%	2029
2014	$1,090,000	$715,000	$8,425	$1,081,575	2.500% - 4.000%	2034
2016	$11,185,000	$8,850,000	$3,865,284	$7,319,716	2.125% - 3.125%	2036
2016-REF	$2,100,000	$1,535,000	$1,505,505	$594,495	2.000% - 2.250%	2028
2019	$400,000	$355,000	$0	$400,000	3.050%	2039
2020-REF	$490,000	$360,000	$129,451	$360,549	2.000%	2029
TOTAL:	$19,840,000	$16,005,000	$7,887,120	$11,952,880		

AUTHORITY

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

i) the issuance of approximately $1,445,000 of Bonds subject to a permitted adjustment of $145,000;

ii) the advertisement for the public sale of the Bonds;

iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,

iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated April 19, 2023, will bear interest from that date as described herein, payable semi-annually on October 1 and April 1 of each year, commencing October 1, 2023, and will mature as to principal on April 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 October 1 and April 1 of each year, beginning October 1, 2023 (Record Date is the 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after April 1, 2032, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after April 1, 2031, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
April 1, 2031 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 buildings which collectively constitute the Project.

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from April 19, 2023, 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 April 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 the High School, Middle School and Elementary School.

The Board has or will enter a Guaranteed Energy Savings Contract with Ascendant Facility Partners, Paducah, 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. <u>This State Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky's perfect record of no defaults in payment of its revenue bonds for school purposes.</u>

ESTIMATED BOND DEBT SERVICE

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

Fiscal Year Ending June 30	Current Local Bond Payments	Series 2023 Energy Conservation Revenue Bonds (100% General Fund) Principal Portion	Interest Portion	Total Payment	Total Restricted Fund Bond Payments
2023	$493,001				$493,001
2024	$496,909	$32,000	$51,666	$83,666	$496,909
2025	$494,921	$30,000	$53,361	$83,361	$494,921
2026	$496,756	$33,000	$52,401	$85,401	$496,756
2027	$497,155	$37,000	$51,345	$88,345	$497,155
2028	$500,248	$41,000	$50,161	$91,161	$500,248
2029	$512,230	$45,000	$48,849	$93,849	$512,230
2030	$516,145	$49,000	$47,409	$96,409	$516,145
2031	$522,031	$54,000	$45,841	$99,841	$522,031
2032	$524,401	$59,000	$44,113	$103,113	$524,401
2033	$525,751	$64,000	$42,196	$106,196	$525,751
2034	$526,270	$69,000	$40,084	$109,084	$526,270
2035	$522,582	$75,000	$37,738	$112,738	$522,582
2036	$526,196	$81,000	$35,038	$116,038	$526,196
2037		$87,000	$32,000	$119,000	
2038		$95,000	$28,651	$123,651	
2039		$102,000	$24,898	$126,898	
2040		$110,000	$20,818	$130,818	
2041		$118,000	$16,308	$134,308	
2042		$127,000	$11,352	$138,352	
2043		$137,000	$5,891	$142,891	
TOTALS:	$7,154,596	$1,445,000	$740,117	$2,185,117	$7,154,596

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	$1,445,000.00
Total Sources	$1,445,000.00
Uses:	
Deposit to Construction Fund	$1,389,100.00
Underwriter's Discount (2%)	28,900.00
Cost of Issuance	27,000.00
Total Uses	$1,445,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	791.7	2011-12	724.5
2001-02	783.1	2012-13	718.3
2002-03	777.3	2013-14	709.9
2003-04	754.0	2014-15	684.1
2004-05	746.7	2015-16	675.7
2005-06	731.5	2016-17	667.9
2006-07	740.8	2017-18	670.6
2007-08	725.2	2018-19	664.9
2008-09	714.4	2019-20	634.8
2009-10	729.6	2020-21	634.8
2010-11	726.5	2021-22	665.3

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 Carlisle County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	79,170.0	2011-12	72,452.7
2001-02	78,310.0	2012-13	71,828.5
2002-03	77,730.0	2013-14	70,994.7
2003-04	75,400.0	2014-15	68,409.8
2004-05	74,670.0	2015-16	67,572.7
2005-06	73,150.0	2016-17	66,790.0
2006-07	74,080.0	2017-18	67,060.0
2007-08	72,520.0	2018-19	66,490.0
2008-09	71,443.0	2019-20	63,480.0
2009-10	72,964.7	2020-21	63,476.0
2010-11	72,648.2	2021-22	66,534.4

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

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

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

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

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

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean $6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to $46,350 effective January 1, 2023.

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 ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	40.9	157,043,030	642,306
2001-02	41.6	165,141,611	686,989
2002-03	43.2	168,646,972	728,555
2003-04	43.2	173,023,369	747,461
2004-05	44.2	178,670,258	789,723
2005-06	48.3	189,261,198	914,132
2006-07	52.9	192,143,066	1,016,437
2007-08	48.3	201,154,163	971,575
2008-09	51.1	217,608,551	1,111,980
2009-10	51.1	211,807,109	1,082,334
2010-11	52.1	222,388,268	1,158,643
2011-12	60.9	230,320,359	1,402,651
2012-13	64	233,226,802	1,492,652
2013-14	63.7	236,142,660	1,504,229
2014-15	67.4	241,604,709	1,628,416
2015-16	66.5	256,015,385	1,702,502
2016-17	60.2	279,437,688	1,682,215
2017-18	62.3	285,114,125	1,776,261
2018-19	64.9	293,734,960	1,906,340
2019-20	65.3	317,515,251	2,073,375
2020-21	62.5	334,747,363	2,092,171
2021-22	62.4	329,523,892	2,056,229

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Carlisle County 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 Carlisle			
General Obligation	2,600,000	360,000	2,240,000
Refunding Revenue	5,132,103	37,496	5,094,607
City of Arlington			
Water & Sewer Revenue	285,000	254,000	31,000
City of Bardwell			
General Obligation	1,030,000	65,000	965,000
Special Districts			
Carlisle County Sanitation District No. 1	800,000	280,000	520,000
Totals:	9,847,103	996,496	8,850,607

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	2,880,996	642,306	3,523,302
2001-02	2,918,017	686,989	3,605,006
2002-03	2,980,461	728,555	3,709,016
2003-04	3,085,272	747,461	3,832,733
2004-05	3,166,124	789,723	3,955,847
2005-06	3,272,913	914,132	4,187,045
2006-07	3,498,206	1,016,437	4,514,643
2007-08	3,754,094	971,575	4,725,669
2008-09	3,661,773	1,111,980	4,773,753
2009-10	3,375,287	1,082,334	4,457,621
2010-11	3,301,637	1,158,643	4,460,280
2011-12	3,510,452	1,402,651	4,913,103
2012-13	3,477,766	1,492,652	4,970,418
2013-14	3,346,445	1,504,229	4,850,674
2014-15	3,357,462	1,628,416	4,985,878
2015-16	3,316,901	1,702,502	5,019,403
2016-17	3,167,947	1,682,215	4,850,162
2017-18	3,062,068	1,776,261	4,838,329
2018-19	3,082,145	1,906,340	4,988,485
2019-20	2,784,082	2,073,375	4,857,457
2020-21	2,573,786	2,092,171	4,665,957
2021-22	2,972,352	2,056,229	5,028,581

(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 $0.6240 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, Carlisle County Board of Education, 4557 State Route 1377, Bardwell, Kentucky 42023 Telephone (270) 628-3800.

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 minium 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, 2023, 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.

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

MUNICIPAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Municipal Advisor in connection with the issuance of the Bonds. RSA's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Carlisle County School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the Carlisle County Board of Education or the Municipal Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Carlisle County School District and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Municipal Advisor or by Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in the light of the circumstances under which they were made, not misleading in any material respect.

By /s/ ____________________
President

By /s/ ____________________
Secretary

APPENDIX A

Carlisle County School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2023

Demographic and Economic Data

CARLISLE COUNTY, KENTUCKY

Carlisle County is located in the extreme western portion of Kentucky in the Jackson Purchase Region. Bordered on the west by the Mississippi River, the county covers a land area of 192 square miles and the topography is composed of gently rolling hills and plains. Bardwell, the county seat of Carlisle County, is located 166 miles northwest of Nashville, Tennessee; 175 miles southeast of St. Louis, Missouri; and 245 miles southwest of Louisville, Kentucky.

Carlisle County had an estimated 2022 population of 4,925. Bardwell had a 2022 estimated population of 736 and Arlington had a 2022 estimated population of 261.

The Economic Framework

In 2022, Carlisle County had a labor force of 1,919 people with an unemployment rate of 3.6%. The top 5 jobs by occupation were as follows: education training/library - 170 (15.25%); office and administrative support - 149 (13.36%); community and social services - 141 (12.65%); executive managers and administrators - 120 (10.76%); and healthcare support - 85 (7.62%).

Transportation

Major highways serving Carlisle County are US Highway 62, US Highway 51, and Kentucky highway 80. The Purchase Parkway, a multi-lane highway, can be accessed 29 miles southeast of Bardwell via US Highway 51 and Kentucky Highway 80. Interstate 24 is accessible 26 miles northeast of Bardwell via US Highway 62. Twenty-one firms provide interstate and/or intrastate trucking service to Carlisle County. The nearest commuter airline service is available at Barkley regional Airport near Paducah, 24 miles northeast of Bardwell, and commercial airline service is available at Evansville, Indiana, 136 miles northeast of Bardwell. Public riverport facilities are locate at Hickman, Kentucky, on the Mississippi River, 33 miles southwest of Bardwell; and at Paducah, on the Tennessee River, 30 miles northeast of Bardwell.

Power and Fuel

Electric power is provided to Carlisle County by the Hickman-Fulton Counties Rural Electric Cooperative Corporation, Jackson Purchase Electric Cooperative Corporation and West Kentucky Rural Electric Cooperative corporation. A small portion of Carlisle County is served by the Kentucky Utilities Company; Bardwell is served by Bardwell City Utilities. Bardwell Gas System provides natural gas to Bardwell, while New Commonwealth Natural Gas Company provides gas service to Arlington.

Education

The Carlisle County School System provides primary education to the residents of Carlisle County. There are 5 major universities within 50 miles of the county.

LOCAL GOVERNMENT

Structure

Bardwell is served by a mayor and six council members. Arlington is served by a mayor and four council members. In both cities the mayor is elected to a four-year term and the council members serve two-year terms. Carlisle County is served by a county-judge-executed and five magistrates which are elected to four-year terms.

Planning and Zoning

There are currently no planning and zoning commissions in Carlisle County.

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 Arlington levies annual business license fees ranging from $15 to $40. The City of Bardwell does not levy any business license fees.

State and Local Property Taxes

All property in Kentucky, except items exempted by the state constitution, is taxed by the state. Property which also may be taxed by local jurisdictions includes land and buildings, finished goods inventories, automobiles, trucks, office furniture and office equipment. Local taxing jurisdictions in Kentucky include counties, cities, and school districts. All property in Kentucky is assessed at 100 percent of fair cash value.

LABOR MARKET STATISTICS

The Carlisle County Labor Market Area includes Carlisle County and adjoining Kentucky counties of Ballard, Fulton, Graves, Hickman and McCracken. Workers may also be drawn from nearby counties in Missouri, Illinois and Tennessee.

Population

Area	2020	2021	2022
Carlisle County	4,710	4,768	4,925
Bardwell	658	632	736
Arlington	294	289	261

Source: Kentucky Cabinet for Economic Development.

Population Projections

Area	2025	2030	2035
Carlisle County	4,630	4,445	4,270

Source: Kentucky State Data Center, University of Louisville (August 2022).

EDUCATION

Public Schools

	Carlisle County
Total Enrollment (2021-2022)	682
Pupil-Teacher Ratio (2021-2022)	13.0 - 1

Technical Schools

Vocational School	Location	Enrollment 2021-22
Four Rivers Career Academy	Hickman, KY	189
Paducah ATC	Paducah, KY	630
Murray/Calloway County ATC	Murray, KY	331

Source: *Kentucky Department of Education*

Colleges and Universities

In 2022, 22.94% of the population in Carlisle County had an Associate's degree or higher. 85.51% had a high school degree or higher.

Top 5 Universities within 50 miles	Number of Graduates
Southeast Missouri State University	2,315
Murray State University	2,132
The University of Tennessee- Martin	1,225
West Kentucky Community and Technical College	606
Shawnee Community College	269

Source: Kentucky Cabinet for Economic Development

APPENDIX B

Carlisle County School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2023

Audited Financial Statement ending June 30, 2022

CARLISLE COUNTY SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

CARLISLE COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS

CARLISLE COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS

INTRODUCTORY SECTION

CARLISLE COUNTY SCHOOL DISTRICT
June 30, 2022

BOARD OF EDUCATION

Brian Grogan, Chairman
John Matt Fourshee, Vice Chairman
Casey Storm, Member
Scott McIntyre, Member
Steven Draper, Chairman

ADMINISTRATIVE STAFF

Casey Henderson, Superintendent
Rachel Bowles, Finance Officer

FINANCIAL SECTION

Alexander Thompson Arnold PLLC
112 Robertson Road North, Murray, KY 42071
270.753.2424 270.753.3878
www.atacpa.net

Independent Auditor's Report

Kentucky State Committee for School District Audits
Carlisle County Board of Education
Bardwell, Kentucky

Opinions

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 Carlisle County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Carlisle County School District's basic financial statements as listed in the table of contents.

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 Carlisle County School District as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Carlisle County School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carlisle County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Carlisle County School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carlisle County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlisle County School District's basic financial statements. The combining nonmajor fund financial statements and combining statement of revenues and expenditures, and changes in fund balance – special revenue activity funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and notes to schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, combining statement of revenues and expenditures, and changes in fund balance – special revenue activity funds, the schedule of expenditures of federal awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the introductory section. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2022, on our consideration of the Carlisle County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Carlisle County 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 Carlisle County School District's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 9, 2022

CARLISLE COUNTY BOARD OF EDUCATION
4557 State Route 1377 --- Bardwell, KY 42023
Phone: 270-628-3800 --- Fax: 270-628-5477

CARLISLE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

As management of the Carlisle County Board of Education, we offer readers of the District's financial statements this narrative overview and analysis for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with information found within the body of the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position on June 30, 2022 was $1,551,785, an increase of $1,293,532 over the prior year.
- On July 1, 2021, the beginning cash balance, including investments for all District funds, was $3,480,517.
- On June 30, 2022, the ending cash balance, including investments for all District funds, was $4,335,051 an increase of $854,534. This increase is largely due to an increase in investments with Fiscal Agents and General Fund carryover.
- Total revenues for the District General Fund were $7,247,002. The primary source of these revenues was the state SEEK program, local taxes, and state on-behalf payments.
- Total expenditures for the District General Fund were $6,844,168. Of these expenses, 31.76% were instructional salary costs.
- The ending balance for the District General Fund was $1,165,937, an increase from the prior year of $402,834. This increase is largely due to CARES ACT Funding received in response to the Coronavirus Pandemic.
- Ending unassigned carryover balance for the District General Fund was $1,115,235.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The District's basic financial statements are comprised of three components:

1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information.

Government-wide financial statements: The government-wide financial statements are intended to provide the reader with a broad overview of the District's finances. They are organized much like those of a private-sector business.

The *statement of net position* provides information concerning the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with net position being the remaining balance. A long-term trend of increasing or decreasing net position may be an indicator of District financial stability. However, one must take into consideration that the primary purpose of a school district is to provide quality educational services to all students, not to generate profits. Many factors over which the District has no control have a significant influence on the financial position of the District. Some of these include: property tax wealth, state and federal tax laws, restricted educational program funding, and others.

The *statement of activities* provides a more detailed explanation of the change in net position over the fiscal year. Revenues and Expenses are recorded when incurred, not when received or paid. Governmental activities are those supported by property taxes and intergovernmental revenues. These activities include: instruction, support services, plant operations and maintenance, transportation, community services, facility acquisition and construction, and interest on long-term debt.

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

Fund financial statements: A fund is a grouping of related accounts used to maintain control over resources set aside for specific activities or objectives. This is a state mandated uniform system and establishes a chart of accounts for all Kentucky public school districts utilizing the MUNIS accounting software. All of the District's funds can be divided into 3 types: governmental, proprietary, and fiduciary. Food Service is our only proprietary fund. Fiduciary funds are held as trust funds established by benefactors to aide in student education. All other activities and resources are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Notes to the financial statements: The notes provide additional information and are useful in fully understanding the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 20 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously discussed, net position may be a long-term indicator of a District's financial position. See the first item under financial highlights on page 5.

The largest portion ($4.02 million) of the District's net position is capital assets less related debt, and funds restricted for capital projects, allocations to Site-Based Council funds required by statute, debt service, and sick leave payable. Unrestricted net position as of June 30, 2022 is a deficit balance of $2,676,743; the deficit is due to the adjustments to record the net pension liability required by GASB 68 and GASB 75.

Net Position for the Years Ended June 30

	2022	2021
Current assets	$ 2,270,331	$ 1,535,385
Non-current assets (Investments with Fiscal Agents)	2,536,193	2,288,486
Non-current assets (Capital Assets)	18,377,507	18,920,096
Total assets	23,184,031	22,743,967
Deferred outflows of resources	924,499	1,092,395
Current liabilities	1,606,753	1,017,555
Non-current liabilities	19,720,631	21,858,572
Total liabilities	21,327,384	22,876,127
Deferred inflows of resources	1,229,361	701,982
Net investment in capital assets	1,345,613	1,108,241
Restricted	2,996,164	2,444,069
Unrestricted	(2,789,992)	(3,294,057)
TOTAL NET POSITION	$ 1,551,785	$ (258,253)

As a comparison for the year ended June 30, 2022, total net position has increased by $1,293,532.

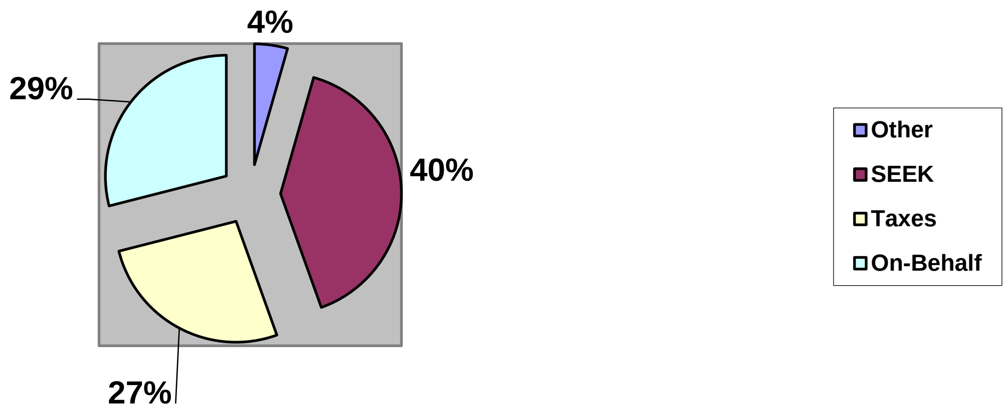
The following is a summary of revenues and expenses for the years ended June 30, 2022 and 2021, for selected funds.

	2022	2021
Revenues:		
Operating grants and contributions	$ 3,027,243	$ 2,373,279
Capital grants and contributions	173,946	174,100
Charges for services	39,813	17,708
Taxes	2,251,371	2,140,280
State aid	6,192,915	5,901,485
Investment earnings	80,960	76,888
Other	354,433	266,728
Indirect Costs	24,629	23,159
Total revenues	$12,145,310	$10,973,627
Expenses:		
Instruction	$ 6,434,998	$ 5,813,387
Student support services	302,520	337,254
Instructional staff support	156,687	121,853
District administration	559,356	504,710
School administration	429,740	437,945
Business	280,107	277,772
Plant operations and maintenance	864,677	869,571
Student transportation	594,244	563,609
Community service	68,443	77,661
Facility acquisition and construction	0	0
Interest on long-term debt	580,416	601,256
Food services	580,590	611,207
Total expenses	10,851,778	10,216,225
CHANGE IN NET POSITION	$ 1,293,532	$ 757,402

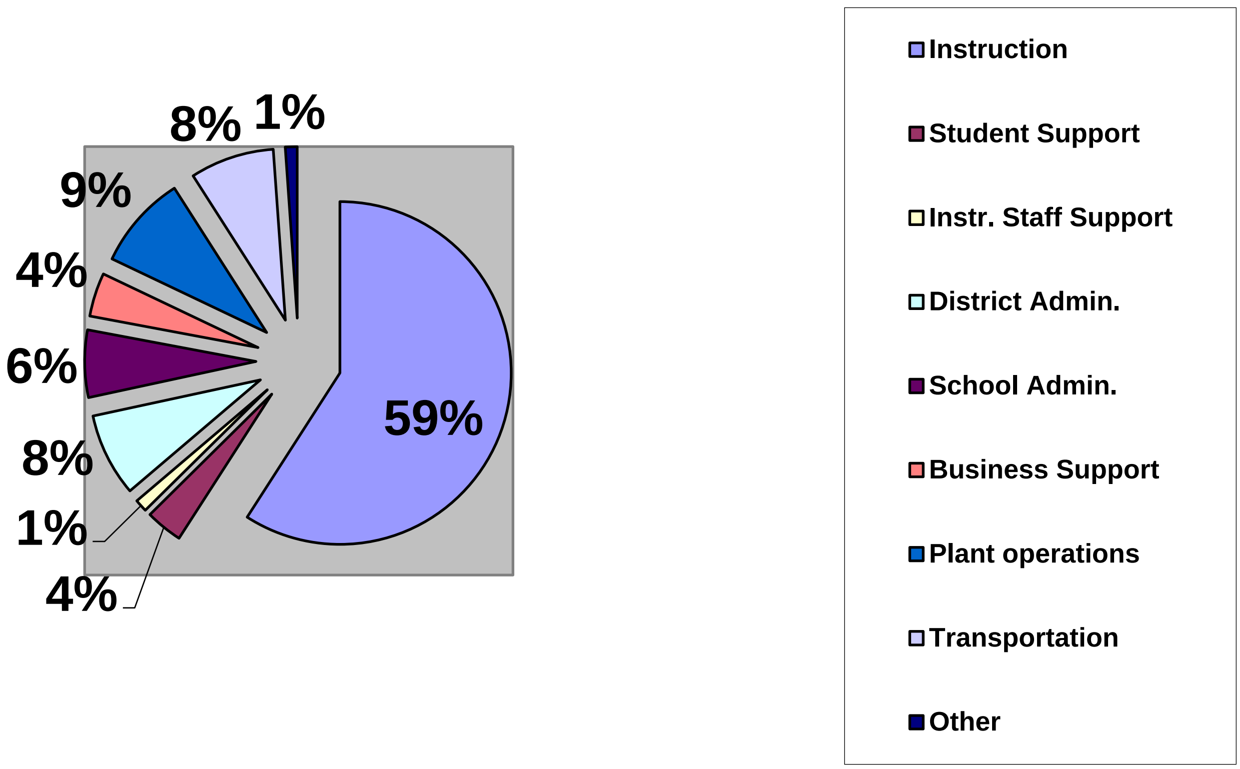
Overview of Fund Activities and Budgets

General Fund

By statute, the District's general fund budget is a three-stage process. The draft budget is prepared in January for the next fiscal year. It is further revised in May as a tentative budget and finalized in September as the working budget. The budget consists of management's best efforts to predict revenues and expenditures for the year. The District's two major sources of revenue come from the state's SEEK program and local tax dollars. The SEEK amounts are set by the Kentucky Legislature based on a per pupil amount. Tax rates are set by the Board of Education in September. Below is an illustration of actual revenues for the period ending June 30, 2022. Total general fund revenues for 2021-2022 are $7,247,002.



The primary expenditure category for the District is instruction. This is made up of teachers' salaries and benefits, as well as monies allocated to the site-based councils for instructional supplies. All other general fund expenditures fall into the support services category. These include student support, instructional staff support, district administration, school administration, business support, plant operations and maintenance, and transportation. Total general fund expenditures for 2021-2022 are $6,844,168. Below is an illustration of the distribution of general fund expenditures.



Comments on Budget Comparison

Excluding on-behalf payments of $2,098,821, and beginning balances, the general fund budget compared to actual revenue varied slightly with the ending balance being 5% or $260,911 more than budgeted.

General fund expenditures, compared to budgeted expenditures, net of on-behalf payments of 2,098,821 and contingency allotments of $524,278 were $364,645 less than budgeted. Salary costs were $156,000 less than budgeted, due to medical leaves of absences and mid-year staff changes. Some general fund expenses were moved to funding received through the CARES ACT.

General fund original and final budgeted state intergovernmental revenues increased by $122,137 due to SEEK calculations returning to normal methods that were in place before the COVID pandemic.

RESTRICTED FUNDS

The Special Revenue Fund is made up of state and federal grants. These grants are for specific purposes, such as the various Title programs, Extended School Services, Family Resource and Youth Services Center, Safe Schools, Gifted and Talented, and others. The ending balance in this fund will always be zero.

The District Activity Fund accounts for proceeds of specific revenue sources, such as donations, grants, and non-student fundraisers that are restricted by the individual schools.

The Capital Outlay Fund is a state appropriation given for the purpose of new construction and site improvements, as well as debt service payments, and may not be used for the general operating expenses of the District. Due to increased flexibility granted by the General Assembly, districts were given the authorization to use capital outlay funds to offset various General Fund expenditures following approval from the Department of Education, utilizing a capital funds request transfer. During the 2021-2022 year, $34,122 of capital outlay funds was transferred to the General Fund.

The Facility Support Program of Kentucky (FSPK), or Building Fund, is funded through a percentage of local property taxes as well as monies appropriated by the state. The primary expense of this fund is to pay bond principal and interest on long-term debt. FSPK Funds may also be used for new construction and site improvements. During the 2021-2022 school year, $504,305 was paid out for debt retirement. The remaining $105,151 in the Building Fund was transferred to the General Fund by means of a capital funds request transfer.

The Food Service fund is a proprietary fund that is self-sufficient. Its revenues consist of state reimbursements and receipts from the sale of breakfast and lunch.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2022, the District's net investment in capital assets totaled $1,345,613.

During the 2021-2022 school year, total capital asset additions consisting of building improvements, technology equipment, vehicles and general equipment totaled $168,031.

Principal and interest debt payments for 2021-2022 totaled $504,305, excluding payments made by the School Facility Construction Commission (SFCC). There are currently seven outstanding bond issues, one of which is totally funded by SFCC payments, one of which the District deposited in full its portion to escrow at the time the bond was issued, and four capital leases as of June 30, 2022. The total principal to be paid by the School District, exclusive of payments made by the SFCC and earnings on prefunded escrows for the Qualified Zone Academy Bonds is as follows:

Project	Amount	Maturity
2020 – Refinancing of 2009 Issue	$ 99,767	2029
2011 - Qualified Zone Academy Bond (Cafeteria)	739,683	2030
2014 - Middle School Gymnasium Renovation	3,133	2035
2016 - Refinancing of 2008 Issue	1,172,209	2028
2015 - New Elementary School	3,772,707	2036
2013 KISTA - Bus Lease	7,671	2023
2015 KISTA - Bus Lease	28,059	2025
2017 KISTA - Bus Lease	47,530	2027
2019 KISTA - Bus Lease	144,156	2029

See Notes 2C and 2E on pages 32 through 37 for additional detail.

FUTURE BUDGETARY IMPLICATIONS

The fiscal year for all public schools in Kentucky is July 1 - June 30. Many of the grant programs operate on a different calendar, but are reflected in the District's overall budget.

As state funding to public schools has decreased, the District's general fund budget, as well as many grant programs, have become much tighter. Increased maintenance costs due to the aging of our facilities, coupled with rising salary and benefits costs have forced the District to make difficult decisions concerning the most efficient ways of doing business. A renovation to the middle school gymnasium and conversion of the old cafeteria to new classroom space was completed in January of 2016. Construction was completed in 2018 on a new elementary school with the help of additional funding granted by the General Assembly. The demolition of the old elementary school was completed in fiscal year 2021. All of these projects should help to extend the useful life of our current campus. However, the addition of the bond payments for the new elementary school will cause less capital funds to be available to transfer to the general fund for operations. This will cause the general fund budget to become even tighter. The district received 3 phases of CARES ACT funding which will be available for use through September of 2024. These funds will first and foremost be used to attempt to recover from the educational learning loss sustained throughout the COVID-19 pandemic. It will also allow us flexibility in the use of our general fund monies and will provide some opportunities for upgrades to our HVAC systems for better air quality control.

We continue to strive to find the most cost-effective ways to spend our resources, while still offering the highest quality of education possible to the students of this District.

Any questions concerning this report can be directed to Superintendent Casey Henderson (270-628-3800) or Finance Officer Rachel Bowles (270-628-3800 ext. 7006).

BASIC FINANCIAL STATEMENTS

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 1,343,675	$ 452,509	$ 1,796,184
Receivables			
Accounts	53,491	-	53,491
Intergovernmental - Federal	367,519	38,410	405,929
Investments	2,674	-	2,674
Investments with fiscal agents	2,536,193	-	2,536,193
Inventories	-	12,053	12,053
Capital assets not being depreciated			
Land	10,500	-	10,500
Capital assets, net of accumulated depreciation			
Land improvements	663,122	-	663,122
Buildings and improvements	17,199,491	-	17,199,491
Technology equipment	45,799	906	46,705
Vehicles	240,768	-	240,768
General equipment	183,908	33,013	216,921
Total assets	22,647,140	536,891	23,184,031
Deferred Outflows of Resources			
Pension related	216,011	39,416	255,427
OPEB related	578,553	54,118	632,671
Deferred amount on refunding	36,401	-	36,401
Total deferred outflows of resources	830,965	93,534	924,499
Liabilities			
Accounts payable	69,056	431	69,487
Unearned revenue	81,444	-	81,444
Accrued interest	133,687	-	133,687
Long-term liabilities			
Portion due or payable within one year			
Bonds and capital leases	1,318,145	-	1,318,145
Accrued sick leave	3,990	-	3,990
Portion due or payable after one year			
Net pension liability	1,828,158	333,552	2,161,710
Net OPEB liability	1,676,809	100,132	1,776,941
Bonds and capital leases	15,879,271	-	15,879,271
Less unamortized bond discount	(154,055)	-	(154,055)
Accrued sick leave	56,764	-	56,764
Total liabilities	20,893,269	434,115	21,327,384
Deferred Inflows of Resources			
Pension related	314,571	57,394	371,965
OPEB related	806,416	50,980	857,396
Total deferred inflows of resources	1,120,987	108,374	1,229,361
Net Position			
Net investment in capital assets	1,311,694	33,919	1,345,613
Restricted for			
Debt service	2,536,550	-	2,536,550
Sick leave	9,049	-	9,049
Future contruction contracts	147,225	-	147,225
Capital outlay	32,412	-	32,412
Student activities	270,928	-	270,928
Unrestricted	(2,844,009)	54,017	(2,789,992)
Total net position	**$ 1,463,849**	**$ 87,936**	**$ 1,551,785**

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

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Net (Expense) Revenue and Change in Net Position: Total
Governmental Activities							
Instruction	$ 6,434,998	$ -	$ 2,308,467	$ -	$ (4,126,531)	$ -	$ (4,126,531)
Support services					-		
Student	302,520	-	-	-	(302,520)	-	(302,520)
Instructional staff	156,687	-	-	-	(156,687)	-	(156,687)
District administration	559,356	-	-	-	(559,356)	-	(559,356)
School administration	429,740	-	-	-	(429,740)	-	(429,740)
Business	280,107	-	-	-	(280,107)	-	(280,107)
Plant operations and management	864,677	-	-	-	(864,677)	-	(864,677)
Student transportation	594,244	-	-	-	(594,244)	-	(594,244)
Non-instructional services	68,443	-	-	-	(68,443)	-	(68,443)
Interest and issuance costs on long-term debt	580,416	-	-	173,946	(406,470)	-	(406,470)
Total governmental activities	10,271,188	-	2,308,467	173,946	(7,788,775)	-	(7,788,775)
Business-Type Activities							
Food service	580,590	39,813	718,776	-	-	177,999	177,999
Total business-type activities	580,590	39,813	718,776	-	-	177,999	177,999
Total primary government	$ 10,851,778	$ 39,813	$ 3,027,243	$ 173,946	(7,788,775)	177,999	(7,610,776)
General Revenues:							
Taxes							
Property					1,532,652	-	1,532,652
Motor vehicle					392,588	-	392,588
Utilities					277,510	-	277,510
In lieu					48,621	-	48,621
Investment earnings					78,783	2,177	80,960
Other local revenue					354,433	-	354,433
Indirect cost reimbursements					24,629	-	24,629
State aid - formula grants					6,192,915	-	6,192,915
Total general revenues and transfers					8,902,131	2,177	8,904,308
Change in net position					**1,113,356**	**180,176**	**1,293,532**
Net position, beginning of year					350,493	(92,240)	258,253
Net position, end of year					$ 1,463,849	$ 87,936	$ 1,551,785

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

CARLISLE COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Revenue Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 895,427	$ -	$ 357	$ 447,891	$ 1,343,675
Receivables					
Accounts	53,491	-	-	-	53,491
Intergovernmental - Federal	-	367,519	-	-	367,519
Interest receivable	-	-	-		-
Investments	-	-	-	2,674	2,674
Investment with fiscal agents	-	-	2,536,193		2,536,193
Due from other funds	236,879	-	-	-	236,879
Total assets	**$ 1,185,797**	**$ 367,519**	**$ 2,536,550**	**$ 450,565**	**$ 4,540,431**
Liabilities					
Accounts payable	$ 19,860	$ 49,196	$ -	$ -	$ 69,056
Due to other funds	-	236,879	-	-	236,879
Unearned revenue	-	81,444	-	-	81,444
Total liabilities	19,860	367,519	-	-	387,379
Fund Balances					
Restricted	9,049	-	2,536,550	450,565	2,996,164
Assigned	41,653	-	-	-	41,653
Unassigned	1,115,235	-	-	-	1,115,235
Total fund balances	1,165,937	-	2,536,550	450,565	4,153,052
Total liabilities and fund balances	**$ 1,185,797**	**$ 367,519**	**$ 2,536,550**	**$ 450,565**	**$ 4,540,431**

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

CARLISLE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances - governmental funds		**$ 4,153,052**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $29,114,489 and the accumulated depreciation is $10,770,901.		18,343,588
Certain long-term assets related to current and prior bond issues are not reported in the governmental funds because they are not available to pay current period expenditures. These assets are, however, included in the statement of net position.		36,401
Deferred outflows of resources related to pensions and other post employment benefits are not reported in the govermental fund because the consumption of net position will occur in future periods.		794,564
Deferred inflows of resources related to pensions and other post employment benefits are not reported in the governmental fund because the acquistion of net position will occur in future periods.		(1,120,987)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and capital leases payable	(17,043,361)	
Accrued interest on the bonds	(133,687)	
Accrued sick leave payable	(60,754)	
Net pension liability	(1,828,158)	
Net OPEB liability	(1,676,809)	
		(20,742,769)
Total net position - governmental activities		**$ 1,463,849**

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

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Taxes					
Property	$ 1,203,128	$ -	$ -	$ 329,524	$ 1,532,652
Motor vehicle	392,588	-	-	-	392,588
Utilities	277,510	-	-	-	277,510
Other	48,621	-	-	-	48,621
Earnings on investments	9,047	-	69,560	177	78,784
Other local revenues	35,724	30,298	-	415,946	481,968
Intergovernmental - State	5,045,620	588,279	800,829	346,466	6,781,194
Intergovernmental - Indirect Federal	-	1,592,653	173,946	-	1,766,599
Total revenues	7,012,238	2,211,230	1,044,335	1,092,113	11,359,916
Expenditures					
Current					
Instruction	4,045,473	1,765,371	-	370,034	6,180,878
Support Services					
Student	239,111	66,606	-	-	305,717
Instructional staff	80,923	78,367	-	-	159,290
District administration	535,763	45,938	-	-	581,701
School administration	434,103	-	-	-	434,103
Business	281,895	37,000	-	-	318,895
Plant operation and management	607,320	84,940	-	-	692,260
Student transportation	542,330	-	-	2,430	544,760
Non-instructional services	-	76,118	-	-	76,118
Facilities acquisition and construction	-	-	-	-	-
Debt Service					
Principal	-	-	754,999	-	754,999
Interest and issuance cost	63,278	-	545,927	-	609,205
Total expenditures	6,830,196	2,154,340	1,300,926	372,464	10,657,926
Excess (deficit) of revenues over expenditures	182,042	56,890	(256,591)	719,649	701,990
Other Financing Sources (Uses)					
Transfers in	139,273	13,972	504,305	-	657,550
Transfers out	(13,972)	-	-	(643,578)	(657,550)
Indirect cost reimbursements	95,491	-	-	-	95,491
Indirect cost transfers	-	(70,862)	-	-	(70,862)
Total other financing sources (uses)	220,792	(56,890)	504,305	(643,578)	24,629
Net change in fund balances	**402,834**	**-**	**247,714**	**76,071**	**726,619**
Fund balances, beginning of year	763,103	-	2,288,836	374,494	3,426,433
Fund balances, end of year	$ 1,165,937	$ -	$ 2,536,550	$ 450,565	$ 4,153,052

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

CARLISLE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Total net change in fund balances - governmental funds	**$ 726,619**
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays ($147,273) exceed depreciation expense ($707,417) in the period.	(560,144)
Interest and other costs of long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest, premiums, discounts, and similar items are expensed when debt is first issued, and thus require the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and bond premiums and discounts are amortized over the term of the related bond issue, regardless when due. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(26,697)
Repayment of long-term liabilities such as bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	810,484
In the statement of activities, accumulated sick leave is recognized when it is incurred during the year. In the governmental funds, however, expenditures for this item are limited to only those that use current financial resources.	4,685
The actuarially determined KTRS pension and OPEB expense does not consume current financial resources and, therefore, is not reported in the governmental funds. It is reported as expenses in the statement of activities.	131,914
Some expenses related to CERS pension and OPEB reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.	26,495
Change in net position of governmental activities	**$ 1,113,356**

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

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

		Food Service Fund
Assets		
Current Assets		
Cash and cash equivalents	$	452,509
Accounts receivable - intergovernmental - federal		38,410
Inventories		12,053
Total current assets		502,972
Noncurrent Assets		
Technology equipment		12,829
General equipment		210,335
Accumulated depreciation		(189,245)
Total noncurrent assets		33,919
Total assets		536,891
Deferred Outflows of Resources		
Pension related		39,416
OPEB related		54,118
Total deferred outflows of resources		93,534
Liabilities		
Current Liabilities		
Accounts payable		431
Long-Term Liabilities		
Net pension liability		333,552
Net OPEB liability		100,132
Total long-term liabilities		433,684
Total liabilities		434,115
Deferred Inflows of Resources		
Pension related		57,394
OPEB related		50,980
Total deferred inflows of resources		108,374
Net Position		
Investment in capital assets		33,919
Unrestricted		54,017
Total net position	**$**	**87,936**

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

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Food Service Fund
Operating Revenues	
Lunchroom sales	$ 39,813
Total operating revenues	39,813
Operating Expenses	
Salaries, wages and benefits	275,075
Contract services	13,206
Materials and supplies	264,477
Depreciation	3,203
Total operating expenses	555,961
Operating loss	(516,148)
Non-Operating Revenues (Expenses)	
Interest income	2,177
Grants - child nutrition program	598,713
Donated commodities	35,896
State funding - on-behalf payments	79,585
State matching	4,582
Transfers out only - indirect costs	(24,629)
Total non-operating revenues (expenses)	696,324
Change in net position	**180,176**
Total net position, beginning of year	(92,240)
Total net position, end of year	$ 87,936

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

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

		Food Service Fund
Cash Flows from Operating Activities		
Cash received from:		
Lunchroom sales	$	39,813
Cash paid for:		
Salaries, wages and benefits		(194,082)
Contract services		(13,206)
Materials and supplies		(228,870)
Indirect cost transfers		(24,629)
Net cash used by operating activities		(420,974)
Cash Flows from Noncapital Financing Activities		
Nonoperating federal grants received		570,029
Nonoperating state grants received		4,582
Net cash provided by noncapital financing activities		574,611
Cash Flows from Investing Activities		
Purchases of equipment		(20,758)
Interest income		2,177
Net cash used by investing activities		(18,581)
Net increase in cash and cash equivalents		**135,056**
Cash and cash equivalents, beginning of year		317,453
Cash and cash equivalents, end of year	**$**	**452,509**
Reconciliation of Operating Loss to Net Cash Used by Operating Activites		
Operating loss	$	(516,148)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation		3,203
Commodities used		35,896
Salaries, wages and benefits (on-behalf payments)		79,585
Transfers out only - indirect costs		(24,629)
Changes in assets and liabilities		
Inventories		(720)
Accounts payable		431
Pension related - changes in deferred outflows/inflows and net pension liability		76
Other post-employment benefits related - changes in deferred outflows/inflows and net other post employment benefits liability		1,332
Net cash used by operating activities	$	(420,974)
Noncash Noncapital Financing Activities		
Donated food commodities received from the federal government	$	35,896
State funding - on-behalf payments	$	79,585

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Carlisle County School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

A. Reporting Entity

The Carlisle County Board of Education, 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 Carlisle County, Kentucky. The Carlisle County School District (District) receives funding from local, state and federal government sources and must comply with the commitment requirement 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* because board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the District itself such as Band Boosters, Parent-Teacher Associations, etc. The District is not involved in budgeting or managing these organizations, and is not responsible for any debt of the organizations, nor has any influence over the operation of the organizations.

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

Based on the foregoing criteria, the financial statements of the following organization, a blended component unit, are included in the accompanying financial statements.

<u>Carlisle County School District Finance Corporation</u> – In 1988, the Carlisle County School District resolved to authorize the establishment of the Carlisle County School Board Finance Corporation (a nonprofit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Carlisle County School District also comprise the Corporation's Board of Directors. The financial transactions of this entity are included in the financial statements as the construction fund. There are no separate audited financial statements issued for this component unit.

B. Basis of Presentation

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental and business-type activities. Direct expenses are those that are specifically associated with a particular function. Program revenues include charges paid for goods or services offered by the program and grants and contributions that are restricted to meeting the financial requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or is subsidized by the general revenues of the District. The District does not allocate indirect expenses.

Fund Financial Statements - Fund financial statements are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three primary categories: governmental, business-type (proprietary), and fiduciary. An emphasis is placed on major funds within the governmental and business-type categories, and a fund is considered major if it meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues, or expenditures/expenses of that individual fund are at least 5 percent of the corresponding total for all governmental and business-type funds combined.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, and fund balances, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenue and other financing resources) and uses (i.e., expenditures and other uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenditures, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

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

b. Special Revenue funds account for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes.

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

2. The Special Revenue District Activity Fund includes funds restricted to expenditures for purposed specified by Redbook requirement. Project accounting is employed to maintain integrity for the various sources of funds.

3. The Special Revenue Student Activity Fund accounts for activities of student groups such as donations and student fundraisers. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds. Project accounting is employed to maintain integrity for the various sources of funds.

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

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

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

3. The Construction Funds account for proceeds from sales of bonds and other revenues to be used for authorized construction.

d. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs, and also for the payment of interest on general obligation notes payable, as required by Kentucky Law. This is a major fund of the District.

II. Proprietary Fund Type (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program and School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund of the District.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

III. Fiduciary Fund Type (includes agency and trust funds)

The District currently has no fiduciary funds.

C. Basis of Accounting

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes levied to finance fiscal year 2022 are recorded when there is an enforceable legal claim and when the revenue is measurable and available. 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 year when use is first permitted, and, matching requirements, in which the District must provide local resources to be used for a specified purpose. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Expenses/Expenditures – On both the accrual basis and modified accrual basis of accounting, expenses and expenditures are recognized at the time a liability is incurred.

However, in governmental funds, long-term liabilities are recognized when due, not when incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The fair value of donated commodities received, and payments made by the State on-behalf of the District during the year are reported as revenue and expenses in the financial statements of the proprietary fund.

D. Budgetary Process

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

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. 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.

E. Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end are re-appropriated in the next year. Accordingly, no differences related to encumbrances exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

F. Cash, Cash Equivalents and Investments

The Board considers demand deposits, money market accounts, and time deposits that are nonnegotiable to be cash and cash equivalents for the governmental, proprietary and fiduciary funds. For purposes of the statement of cash flows, the District also considers all investments with a maturity of three months or less when purchased to be cash equivalents.

The District may invest funds in a bank depository selected by the Board, bonds of the United States, or instruments issued by political subdivisions of Kentucky; however, such investments must be approved by the Kentucky Department of Education.

G. Investments

The general, district activity and food service funds record certificates of deposit as investments at their cost which represents fair market value. The debt service fund records investments at their quoted market prices in the balance sheet for governmental funds. Realized gains and losses on the debt service fund are recorded in the statement of revenues, expenditures, and changes in fund balances - governmental funds.

H. Inventories

Inventories are stated at average cost using the first-in, first-out method for both the governmental fund types and proprietary funds. Inventories are expensed when used in the government-wide financial statements and recorded as expenditures in the governmental fund types when purchased.

Nonmonetary assistance is reported in the proprietary fund at the market value of the commodities received/used.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the dates received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not. Technology assets acquired through E-rate are capitalized at full cost with the portion paid by E-rate being treated as donated assets.

All capital assets, except land and construction-in-progress, 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 governmental and business-type capital assets:

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

J. Restricted Assets

Certain investments of the District's Debt Service Fund are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants, and they are maintained in a separate account.

K. Interfund Activity

Interfund transactions are reflect as loans or transfers. Loans are reported as receivables and payables, as appropriate, and are referred to as either "due to/from other funds". These loans are subject to elimination up on consideration. Any residual balances outstanding between governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

All other interfund transactions are treated as transfers. Transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also has deferred outflows related to pensions and other post-employment benefits.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has items related to pensions and other post-employment benefits that qualify for reporting in this category.

M. Long-Term Liabilities

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

N. 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 County Employee's Retirement System Non-Hazardous (CERS) and Teachers' Retirement System (KTRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Post-Employment Benefits (OPEB)

For purposes of measuring the other post-employment benefits (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 County Employee's Retirement System Non-Hazardous (CERS) and Teachers' Retirement System (KTRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. 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 and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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. There are no committed fund balances at June 30, 2022.

Assigned fund balances are those 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 the District's Superintendent, or his designee, to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts, except negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted, nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance. The District considers restricted amounts to have been spent first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. The District does not have a policy regarding the use of unrestricted fund balance amounts. Therefore, the default order is used which considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Q. Net Position

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

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

R. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses 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. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

S. 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 thirty days after the tax bill mailing. For the government-wide financial statements, property taxes collected are recorded as revenues in the fund for which they are levied.

The property tax rates assessed for the year ended June 30, 2022, to finance operations were $0.578 per $100 valuation for real property, $0.578 per $100 valuation for business personal property, and $0.478 per $100 valuation for motor vehicles.

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

T. Effect of New Accounting Standard

In June 2017, the GASB issued Statement No. 87 – Leases, effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District adopted the new accounting standard beginning July 1, 2021 and has determined that it does not have a material effect on the District's financial statements.

NOTE 2 – DETAILED NOTES ON ACCOUNTS

A. Deposits

The District maintained deposits of public funds with depository institutions insured by FDIC as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institutions should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As stipulated by KRS 41.240(4), all deposits are collateralized with eligible securities or

other obligations having an aggregate current face value or current quoted market value at least equal to the deposits. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). At June 30, 2022, the carrying amount of the District's deposits was $1,796,184 and the bank balance was $1,910,794. All bank balances were insured or collateralized as of June 30, 2022.

The District's deposits at year end consisted of the following:

Unrestricted cash – statement of net position	$ 1,796,184

These amounts are reported in the financial statements as follows:

Governmental activities	$ 1,343,675
Business-type activities	452,509
	$ 1,796,184

B. Investments

Investments consist of United States agency obligations reported as investments with fiscal agents held in escrow agent accounts at two financial institutions and two certificates of deposit held at another financial institution. These investments are reported in the governmental activities and proprietary funds. These obligations have various interest rates and maturity dates greater than 90 days. The United States agency obligations are stated at fair value as of June 30, 2022. The certificate of deposit are valued at cost which represents the fair market value. These investments are covered by federal depository insurance or by collateral held by the pledging bank's agent, not in the District's name. As of June 30, 2022, the District had the following investments:

Fund Type	Investment Type	Fair Value	Moody's Rating	Weight Average Maturity in Years
Governmental	U.S. Treasury Obligations	$2,536,193	Aaa	13.00
Governmental	Certificates of Deposit	2,674	N/A	1.00

GASB No. 40, *Deposits and Investment Risk Disclosures,* requires the District to address the following risk related to its investments:

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In an effort to minimize the likelihood that an issuer will default, Kentucky Revised Statues authorize the District to investment in the following:

1. Obligations of the United States of its agencies, national corporations, and instrumentalities, including repurchase agreements.
2. Certificates of deposit issued by banks or savings and loan institutions.
3. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities.
4. Securities issued by a state or local government, or any instrumentality of agency therof, in the United States, but only if fully decreased by direct obligations of or guaranteed by the United States of America.
5. Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investment held by the District are insured or collateralized with securities held by the pledging bank's agent, not in the District's name.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District has no formal policy regarding interest rate risk.

Concentration of Credit Risk – The District's investment policy places no limit on the amount the District may invest in any one issue; however, all holdings must be collateralized.

Fair Value Measurement – The District's investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.
Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Securities classified in Level 1 of the fair value hierarchy are value directly from a predetermined primary external pricing vendor.

<u>Investments by Fair Value Level</u>

	June 30, 2022	Quoted Prices in Markets for Identical Assets - Level 1	Significant other Observable Inputs - Level 2	Significant Unobservable Inputs - Level 3
U.S. Treasury Obligations	$ 2,536,193	$ 2,536,193	$ -	$ -
Certificates of Deposit	2,674	2,674	-	-
TOTALS	$ 2,538,867	$ 2,538,867	$ -	$ -

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Non-depreciable				
Land	$ 10,500	$ -	$ -	$ 10,500
Totals	10,500	-	-	10,500
Depreciable				
Land improvements	861,929	-	-	861,929
Buildings and improvements	24,196,025	53,166	-	24,249,191
Technology equipment	755,093	37,377	-	792,470
Vehicles	1,319,614	22,500	-	1,342,114
General equipment	1,824,055	34,230	-	1,858,285
Totals	28,956,716	147,273	-	29,103,989
Less: Accumulated depreciation				
Land improvements	(161,913)	(36,894)	-	(198,807)
Buildings and improvements	(6,490,037)	(559,663)	-	(7,049,700)
Technology equipment	(737,814)	(8,857)	-	(746,671)
Vehicles	(1,038,115)	(63,231)	-	(1,101,346)
General equipment	(1,635,605)	(38,772)	-	(1,674,377)
Totals	(10,063,484)	(707,417)	-	(10,770,901)
Net Book Value	18,893,232	(560,144)	-	18,333,088
Governmental activities capital assets - net	$ 18,903,732	$ (560,144)	$ -	$ 18,343,588
Business-Type Activities				
Depreciable				
Technology equipment	12,829	-	-	12,829
General equipment	189,577	20,758	-	210,335
Totals	202,406	20,758	-	223,164
Less: Accumulated depreciation				
Technology equipment	(11,923)	-	-	(11,923)
General equipment	(174,119)	(3,203)	-	(177,322)
Totals	(186,042)	(3,203)	-	(189,245)
Business-type activities capital assets - net	$ 16,364	$ 17,555	$ -	$ 33,919

Depreciation was charged to governmental functions as follows:

Instruction	$ 394,978
Support services:	
Student	1,826
District administration	6,321
School administration	1,814
Business	703
Plant operations and management	238,482
Student transportation	63,293
TOTAL	$ 707,417

D. Accumulated Sick Leave

Certified and classified employees of the District are entitled to payment of 30% of the value of accumulated sick and personal days upon retirement. Kentucky Revised Statutes allow the District to restrict up to 50% of accumulated benefits for all employees eligible to retire as of September 15, 2021. The total amount of accumulated benefits for all employees eligible to retire at June 30, 2022, is $60,754. A balance of $9,049 is restricted in the General Fund at the balance sheet date. The District recognizes the expense of these benefits when payment is made by the governmental fund to a retiring employee. Accrued sick leave benefits are estimated by the vesting method. This entire future obligation is reported in the government-wide financial statements.

E. Long-Term Liabilities

The amount shown in the accompanying government-wide financial statements as bond and lease obligations represents the District's future obligations to make payments relating to the bonds and leases issued by the Fiscal Court of Carlisle County and the Carlisle County School Board Finance Corporation (the Finance Corporation) on behalf of the District for purposes of school facility construction. These amounts are not reflected on the fund financial statements. The District does not have any notes from direct borrowings or direct placement.

The District, through the General Fund, the SEEK Capital Outlay Fund, and the Facility Support Program Levy Fund, is obligated to make bond and lease payments. The agreements provide, among other things, for rentals sufficient to satisfy debt service requirements on bonds issued by the Fiscal Court and the Carlisle County School Board Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding. Upon completion of such payments, the leased premises should become property of the District. The District is obligated to maintain adequate property insurance on the school facilities, and the school facilities have been pledged as security for the holders of the bonds.

The original amount of each bond issue, the bond issue dates, interest rates, and maturity dates are summarized as follows:

Issue	Original Amount	Interest Rates	Maturity Date	Balance June 30, 2022
2007	$ 565,000	3.70% - 4.125%	2028	$ 215,000
2007 QZAB	500,000	5.860%	2023	500,000
2011 QZAB	4,010,000	4.60%	2030	4,010,000
2014	1,090,000	2.00% - 4.00%	2035	765,000
2015	11,185,000	2.00% - 3.125%	2036	9,230,000
2016	2,100,000	2.00%	2028	1,535,000
2019	400,000	3.050%	2039	355,000
2020	490,000	2.00%	2029	360,000
				$ 16,970,000

The October 2011 bond issue is a $4,010,000 Qualified Zone Academy Revenue Bond which is a tax credit bond. The District received $4,010,000, less the issuance cost of $64,700, to deposit into its construction fund. The District and the Kentucky School Facility Construction Commission are required to make equal annual sinking fund payments to The Bank of New York Mellon Trust Company, an escrow agent, in the amount of $105,669 and $72,485, respectively, commencing October 1, 2012 and such amounts shall be held and invested by the escrow agent for payment of principal of $4,010,000 at the bonds' maturity on October 1, 2029. Sinking fund payments of $178,154 were made in fiscal year ending June 30, 2022. One hundred percent of the interest subsidy is eligible to be paid by the United States Treasury directly to the issuer, or its designee paying agent, and applied only to the payment of interest due on the bonds or reimbursement to the issuer for such payment.

In October 2016, the District issued bonds to partially advance refund its outstanding May 1, 2008 revenue bonds. The liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2017, $1,955,000 of bonds outstanding was considered defeased. The reacquisition price exceeded the net carrying amount of the old debt by $94,270. This amount is treated as deferred outflows of resources and amortized over the remaining life of the refunded debt. The discount associated with the issuance of the October 2016 advance refunding bonds was $14,847 and is treated as deferred inflows of resources and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce future total debt service payments by $126,091 with a resulting net savings of $110,936.

In April 2020, the District issued bonds to advance refund its outstanding June 1, 2009 revenue bonds. The liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2020, $465,000 of bonds outstanding is considered defeased. The reacquisition price exceeded the net carrying amount of the old debt by $7,129. This amount is treated as deferred outflows of resources and amortized over the remaining life of the refunded debt. The amortization for the year was $1,220 and is included as a component of interest expense. The discount associated with the issuance of the April 2020 advance refunding bonds was $4,900 and is treated as deferred inflows of resources and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce future total debt service payments by $33,856.

In October 2010, the District issued bonds to redeem its outstanding November 1, 2001 revenue bonds. The liability for the defeased bond is not included in the District's financial statements. On June 30, 2012, $1,525,000 of bonds outstanding was considered defeased. In the statement of net position, the net discounts associated with the early debt retirement of the issue are treated as deferred outflows of resources and amortized over the remaining life of the defeased debt. The total deferred discounts were $17,775.

The September 2007 bond issue is a $500,000 Qualified Zone Academy Revenue Bond which is a tax credit bond. The District received $500,000, less the issuance costs of $15,435, to deposit into its construction fund. The District was required to make a one-time payment of $272,000 into an escrow account to be held by the purchaser of the bonds. The purchaser of the bonds receives a tax credit for purchasing them and guarantees the $272,000 in escrow plus the compounded interest earned on it over the life of the bonds will equal exactly $500,000 at September 5, 2022, which is the maturity date. At maturity, the escrow will be transferred back to the District's bond accounts to pay the bonds in full.

The District's outstanding bonds are secured with statutory mortgage liens upon the school projects financed from the proceeds of the bonds and pledges of revenues derived from the rental of the school property under lease on a year to year basis. The school property consists of various school buildings constructed with bond proceeds. The liens and pledges securing the 2011 QZAB and 2014 issues are inferior and subordinate to similar liens and pledges securing the outstanding School Building Revenue Bonds. The 2007 QZAB, October 2010 and April 2020 issues are not subject to optional redemption prior to maturity. All other bond issues are subject to optional redemption in whole or part prior to their stated maturity date with 30 days' notice prior to the date of redemption. The optional redemptions dates are as follows:

Issue Date	Bonds Maturing on or After	Redeemable on or After
August 1, 2007	All maturities	August 1, 2017
October 1, 2011 QZAB	All maturities	October 1, 2021
July 1, 2014*	August 1, 2025	August 1, 2024
April 1, 2016	April 1, 2027	April 1, 2026
October 1, 2016	May 1, 2027	May 1, 2026
June 5, 2019*	May 1, 2027	May 1, 2026

*These bond issues are subject to mandatory sinking fund redemption prior to maturity at 100% of the principal plus interest in specified years.

For the September 2007 QZAB, July 2014, April 2016, October 2016, June 2019 and April 2020 issues, the bonds can be called, upon 30 days' notice, in whole or 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. If the District defaults in its obligations under the leases with the Carlisle County School Board Finance Corporation or fails to renew the leases, the Corporation and the Kentucky School Facilities Commission has the right to notify and request the Kentucky Department of Education to withhold a sufficient portion of any undisbursed funds then held, set aside, or allocated to the District and to request those funds be transferred to the paying agent for the payment of rentals under the lease agreement. This is for all bond issues beginning with the October 2010 issue through the June 2019 issue.

On the 2007 QZAB and April 2020 issues, the registered owners of the bonds have the right to have a receiver appointed to administer the project upon default of the District. Should the US Treasury at any time cease to remit the interest cost subsidy on the 2011 QZAB bonds, the District has the right to redeem upon 30 days' notice all or any part of the principal outstanding by payment of the face amount plus accrued interest without redemption premium.

In 2007, 2014, 2016, 2019 and 2020, the District entered into "participation agreements" with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amounts remains with the District, and as such, the total principal outstanding has been recorded in the financial statements. In the government-wide financial statements, bond discounts are deferred and amortized over the life of the bonds using the effective interest method as a component of interest expense.

As of June 30, 2022, estimated future debt service on these obligations, including amounts to be paid by the Commission, are as follows:

	Carlisle County School District		US Treasury Interest Subsidy	Kentucky School Facilities Construction Comission		
Year	Principal	Interest	Interest	Principal	Interest	Total
2023	$ 749,089	$ 322,704	$ (173,024)	$ 520,911	$ 206,978	$ 1,626,658
2024	257,979	317,722	(173,023)	532,021	195,407	1,130,106
2025	261,223	312,592	(173,023)	543,777	183,191	1,127,760
2026	268,425	307,124	(173,023)	561,575	169,940	1,134,041
2027	274,665	301,282	(173,023)	575,335	155,568	1,133,827
2028-2032	5,798,286	930,934	(432,560)	2,531,714	556,819	9,385,193
2033-2037	1,948,119	152,655	-	2,096,881	169,757	4,367,412
2038-2039	-	-	-	50,000	2,288	52,288
	$ 9,557,786	$ 2,645,013	$ (1,297,676)	$ 7,412,214	$ 1,639,948	$ 19,957,285

The KISTA school bus acquisition bonds provide for the title of the equipment (buses) to vest in the District subject to a first lien, and if nonrenewal or default occurs, the title will revert to KISTA. The District leases and rents the equipment from KISTA on an annual basis and has an exclusive option to renew this lease from year to year for the period of time of the pooled bond issue (approximately 10 years). The District has the option to terminate the lease by electing to not renew and surrendering the equipment to KISTA. The semi-annual bond interest and principal payments constitute the lease payments. The District is also obligated to keep the equipment in good repair and provide insurance coverage.

For GASB 87 purposes, the District's capitalization threshold is $5,000 and the lease must be longer than one year including possible extension(s). The buses have a historical cost and accumulated amortization of $715,119 and $498,423, respectively, under the capital lease agreements. These amounts are included in the Vehicles line item amounts in Note 2C. Amortization is included in depreciation expense. Future minimum lease payments at June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2022-23	$ 48,145	$ 6,366	$ 54,511
2023-24	39,878	5,119	44,997
2024-25	40,980	4,022	45,002
2025-26	31,223	2,872	34,095
2026-27	32,140	1,975	34,115
2027-2031	35,050	1,585	36,635
	$ 227,416	$ 21,939	$ 249,355

Changes in long-term liabilities during the year are summarized below:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Due in One Year
Bonds:					
2007	$ 245,000	$ -	$ 30,000	$ 215,000	$ 35,000
2007 QZAB	500,000	-	-	500,000	500,000
2011 QZAB	4,010,000	-	-	4,010,000	-
2014	815,000	-	50,000	765,000	50,000
2015	9,600,000	-	370,000	9,230,000	380,000
2016	1,770,000	-	235,000	1,535,000	240,000
2019	370,000	-	15,000	355,000	15,000
2020	415,000	-	55,000	360,000	50,000
Capital leases	282,900	-	55,484	227,416	48,145
	18,007,900	-	810,484	17,197,416	1,318,145
Accrued sick leave	65,439	-	4,685	60,754	3,990
	$ 18,073,339	$ -	$ 815,169	$ 17,258,170	$ 1,322,135

As explained in Note 1, payments on the District's bonds are made by the Debt Service Fund. The compensated absences will be liquidated by the General Fund. In the past, these liabilities have been paid each year by the General Fund.

F. Amortized Bond Discounts

Amortized bond discounts totaling $332,012 consist of bond discounts incurred in securing multiple bonds issued by the District. The bond discounts are amortized over the life of the bond and, for financial statement purposes, are netted against the related bond amount. Estimated future amortization for the succeeding five years is as follows:

Year ended June 30:	
2023	$ 18,484
2024	17,701
2025	16,875
2026	16,003
2027	15,070
Thereafter	69,922
Total	$ 154,055

G. Fund Balances

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2022 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	District Activity Fund	Student Activity Fund	Construction Fund	Capital Outlay Fund	Building Fund
Restricted for:								
Sick leave	$ 9,049	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt service	-	-	2,536,550	-	-	-	-	-
Student activities	-	-	-	155,505	115,423	-	-	-
Future construction	-	-	-	-	-	147,225	-	-
Capital outlay	-	-	-	-	-	-	32,412	-
	9,049	-	2,536,550	155,505	115,423	147,225	32,412	-
Assigned for:								
Site base carryforward	41,653	-	-	-	-	-	-	-
Unassigned	1,115,235	-	-	-	-	-	-	-
	$1,165,937	$ -	$2,536,550	$ 155,505	$ 115,423	$ 147,225	$ 32,412	$ -

H. Interfund Transactions

Transfers

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	KETS	$ 13,972
Capital Outlay	General	Capital expenditures	34,122
Building Fund	General	Capital expenditures	105,151
Building Fund	Debt Service	Debt service	504,305
	Total governmental fund transfers		657,550
	Governmental fund transfer eliminations		(657,550)
	Net transfers reported on Statement of Activities		$ -

Indirect cost transfers included in the District's annual financial reports are reported in these financial statements as other financing sources and uses. The following indirect costs were paid during the year:

Food Service	General	Indirect costs	$ 24,629
Special Revenue	General	Indirect costs	70,862
			$ 95,491

I. On-Behalf Payments

The Kentucky State Department of Education has indicated the following amounts were contributed on-behalf of the District for the year ended June 30, 2022:

Contributions to Kentucky Teachers' Retirement System	$ 1,103,085
Health insurance, life insurance, flexible spending accounts (includes administrative fee)	1,010,695
Technology	64,626
Debt Service	800,829
	$ 2,979,235

The District includes on-behalf payments in their budgets. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental funds	
General Fund	$ 2,098,821
Debt Service Fund	800,829
Proprietary fund	79,585
	$ 2,979,235

NOTE 3 – OTHER INFORMATION

A. Teachers' Retirement System of the Commonwealth of Kentucky

General Information about the Pension Plan

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

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

1. Attain age 55 and complete five years of Kentucky service, or
2. Complete 27 years of Kentucky service

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

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

Cost of living increases are 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). Members are required to contribute 12.855 percent of their salaries to TRS. The Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105 percent of salary for those who joined before July 1, 2008 and 14.105 percent for those who joined thereafter. For employees whose salaries are federally funded, the employer contributes 16.105 percent of salary. If an employee leaves covered employment before accumulating five years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2022, the District did not report a liability for the District's proportionate share of the collective net pension liability because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

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

District's proportionate share of the net Pension liability	$ -
State's proportionate share of the net Pension Liability associated with the District	12,846,429
Total	$ 12,846,429

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using standard actuarial techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0 percent, which was unchanged from the prior year.

For the year ended June 30, 2022, the District recognized pension expense of $1,025,441 and revenue of $1,025,441 for support provided by the State.

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

Inflation	2.50 percent
Salary increases, including inflation	3.00– 7.50 percent
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10 percent
Municipal Bond Index Rate:	
Prior Measurement Date	2.19 percent
Measurement Date	2.13 percent
Year FNP is projected to be depleted	n/a
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.50 percent
Measurement Date	7.10 percent
Post-Retirement Benefit Increases	1.50 percent annually

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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 be weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Large Cap U.S. Equity	37.40%	4.20%
Small Cap U.S. Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	(0.10)%
High Yield Bonds	2.00%	1.70%
Other Additional Categories	5.00%	2.20%
Real Estate	7.00%	4.00%
Private Equity	7.00%	6.90%
Cash	2.00%	(0.30)%
Total	**100.00%**	

Discount rate: The discount rate used to measure the total pension liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67 and assumed that member contributions will be made at the current contribution rates and that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

General Information about the OPEB Plan

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

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

Medical Insurance Plan

Plan description: In addition to the pension benefits describe above, Kentucky Revised Statute 161.175 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Medical Insurance Plan is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance, and the General Assembly.

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

Contributions: In order to fund the post-retirement healthcare benefit, 7.50 percent of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and 0.75 percent from State appropriation and 3.00 percent from the employer. The State contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, premiums collected from retirees as described in the plan description and investment interest help to meet the medical expenses of the plan. The District's contributions to TRS for the year ended June 30, 2022 were $91,947.

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

At June 30, 2022, the District reported a liability of $1,128,000 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using standard actuarial techniques. The District's proportion of 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, 2021, the District's proportion was 0.052568 percent, which was an decrease of 0.001796 percent from its proportion measured as of June 30, 2020.

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	$ 1,128,000
State's proportionate share of the net Pension Liability associated with the District	916,000
Total	$ 2,044,000

For the year ended June 30, 2022, the District recognized OPEB expense of $5,644 and revenue of $77,644 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	$ -	$ 370,000
Changes of assumptions	162,000	-
Net Difference between projected and actual earnings on plan investments	-	66,000
Changes in proportion and differences between District contributions and proportionate share of contributions	28,000	91,000
District contributions subsequent to the measurement date	91,947	-
	$ 281,947	$ 527,000

Of the total amount reported as deferred outflows of resources related to OPEB, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30	
2023	$ (121,777)
2024	(122,412)
2025	(118,057)
2026	(110,349)
2027	(24,940)
Thereafter	160,535

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

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases	3.00% - 7.50%, including wage inflation
Long-term Investment Rate of Return	7.10%, net of investment expense, including inflation
Health Care Trend Rates	
Pre-65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Post-65	5.00% for FY 2022* decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034

*Based on known expected increase in Medicare-eligible cost in the year following the valuation date, an increase rate of 20.00% was used for FYE 2021.

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies of the System, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Medical Insurance Plan were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the total OPEB liability roll forward, while the change in initial per capital costs were included with experience in the total OPEB roll forward.

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 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 be 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 asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	(0.10)%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	(0.30)%
Total	**100.00%**	

Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. 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.

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate: The following presents the District's proportionate share of the collective net OPEB liability calculated using the discount rate of 7.10 percent, 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 one percentage point lower (6.10 percent) or one percentage point higher (8.10 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	$ 1,444,067	$ 1,128,000	$ 866,600

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 are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1%Increase
District's proportionate share of net OPEB liability	$ 819,467	$ 1,128,000	$ 1,511,886

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

Life Insurance Plan

Plan description: TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance plan is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes 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 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 (0.03%) of the gross annual payroll of members is contributed by the State.

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

At June 30, 2022, the District reported a liability of $0 for the District’s proportionate share of the collective net OPEB liability because the Commonwealth 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 net 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	$ -
State’s proportionate share of the net OPEB Liability associated with the District	12,000
Total	$ 12,000

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using standard roll actuarial techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0 percent, which was unchanged from the prior year.

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

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases	3.00% - 7.50%, including wage inflation
Long-term Investment Rate of Return	7.10%, net of investment expense, including inflation

Mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies of the System, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021.

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 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 asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Equity	40%	4.4%
International Equity	23%	5.6%
Fixed Income	18%	(.10)%
Real Estate	6%	4.0%
Private Equity	5%	6.9%
Other Additional Categories	6%	2.1%
Cash (LIBOR)	2%	(0.3)%
Total	100%	

Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. 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: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Teachers' Retirement System of the Commonwealth of Kentucky financial report.

B. Pension Plan

County Employees' Retirement System of the Commonwealth of Kentucky

General Information about the Pension Plan

Plan description: All eligible District employees participate in the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit plan administered by the CERS Board of Trustees. CERS consists of two plans – Non-Hazardous and Hazardous. District employees participate in the Non-Hazardous plan only. Kentucky Public Pension Authority issues a publicly available financial report that includes financial statements and supplementary information for CERS. That report can be obtained at https://kyret.ky.gov.

Benefits provided: CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Kentucky Revised Statute 61.645 assigns the authority to establish and amend benefit provisions to the CERS Board of Trustees.

Cost of Living Adjustment (COLA): Prior to July 1, 2009, COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011.

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

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% of their annual creditable compensation, whiles 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 25 USC Section 401(h) in the Pension Fund. These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

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

Interest is paid into the Tier 3 members' account. The account currently earns 4% interest credit on the member's account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the system's five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed ad participating in the fiscal year, and if the system's GANIR for the previous five years exceeds 4%, then the members' account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). The Upside Sharing Interest is credited to both the member contribution balance and Employer Pay Credit Balance.

The District is required to contribute at an actuarially determined rate. As of June 30, 2022, the District's required contribution rate was 21.17% (non-hazardous) of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the CERS Board of Trustees. Contributions to CERS from the District were $191,358 for non-hazardous employees for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $2,161,710 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using generally accepted actuarial principles. The District's proportion of the collective net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.033905% for non-hazardous employee pensions, an increase of 0.000112% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $162,682 for non-hazardous employee pensions. The net pension expense in aggregate for all plans was $1,188,123, with revenue of $1,025,441 for support provided by the State, for the year ended June 30, 2022. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 24,823	$ 20,981
Changes of assumptions	29,013	-
Net difference between projected and actual earnings on pension plan investments	-	288,120
Changes in proportion and differences between District contributions and proportionate share of contributions	10,233	62,864
District contributions subsequent to the measurement date	191,358	-
	$ 255,427	$ 371,965

Of the total amount reported as deferred outflows of resources related to pensions, $191,358 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 pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the District's pension expense as follows:

Year ended June 30:	
2023	$ (81,455)
2024	(71,757)
2025	(64,460)
2026	(90,224)

Actuarial assumptions: The CERS Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report, "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total pension liability as of June 30, 2021 was determined using the following updated assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous
Investment Rate of Return	6.25%

The mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was 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 2020. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**68.50%**	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	**11.50%**	
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Return	**100.00%**	**5.00%**
Long Term Inflation Assumption		**2.30%**
Expected Nominal Return for Portfolio		**7.30%**

Discount rate: The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

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

	1% Decrease	Current Discount Rate	1%Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 2,772,495	$ 2,161,710	$ 1,656,299

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority financial report.

C. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan description: In addition to the pension benefits described in Note 3(B), Kentucky Public Pensions Authority provides postemployment healthcare benefits through the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund), a cost-sharing, multiple-employer defined benefit plan. The Insurance Fund was established by KRS 61.701 to provide hospital and medical insurance for those receiving benefits from the Kentucky Employees' Retirement System (KERS), the County Employees' Retirement System (CERS), and the State Police Retirement System (SPRS). Eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The responsibility for the general administration and operation of the Insurance Fund is vested with the KRS and CERS Boards of Trustees.

Benefits Provided: The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2021 (the date of the latest available information), insurance premiums withheld from benefit payments for members of CERS were $24.3 million and $3.3 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2020, insurance premiums withheld from benefit payments for members of CERS were $24.5 million and $3.0 million for non-hazardous and hazardous employees, respectively. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous employees killed in the line of duty.

The amount of contributions paid by the Insurance Fund is based on years of service. For employees participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are shown below:

Years of Service	% Paid by Insurance Fund
20 or more	100%
15 - 19	75%
10 - 14	50%
4 - 9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July1, 2003. Once employees reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003 earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions: The District is required to contribute at an actuarially determined rate. As of June 30, 2022, the District's required contribution rate was 5.78% (non-hazardous) and 10.47% (hazardous) of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the CERS Board of Trustees. Contributions to the Insurance Fund from the District were $52,255 (not including implicit subsidies reported in the amount of $21,353) for non-hazardous employees for the year ended June 30, 2022. As described in Note 3(B), Tier 2 and Tier 3 employees contribute 1% of their annual creditable compensation to the Insurance Fund; Tier 1 employees are not required to contribute.

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

At June 30, 2022, the District reported a liability of $648,941 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using generally accepted actuarial principles. The District's proportion of 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, 2021, the District's proportion was 0.033897% for non-hazardous employee OPEB, an increase of 0.000114% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of $73,542 for non-hazardous employee OPEB. The net OPEB expense in aggregate for all plans was $79,186, with revenue of $77,644 for support provided by the State, for the year ended June 30, 2022. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	$102,046	$193,752
Changes of assumptions	172,047	603
Net Difference between projected and actual earnings on plan investments	-	101,517
Changes in proportion and differences between District contributions and proportionate share of contributions	3,023	34,524
District contributions subsequent to the measurement date	52,255	-
Implicit subsidy	21,353	-
	$ 350,724	$ 330,396

Of the total amount reported as deferred outflows of resources related to OPEB, the implicit subsidy and $52,225 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2023	$ 5,970
2024	(9,437)
2025	(11,412)
2026	(38,401)

Actuarial assumptions: The CERS Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total OPEB liability as of June 30, 2021, was determined using the following updated assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future healthcare costs, or trend assumption, was reviewed during the June 30, 2020, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Growth	**68.50%**	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	**11.50%**	
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Return	**100.00%**	**5.00%**
Long Term Inflation Assumption		**2.30%**
Expected Nominal Return for Portfolio		**7.30%**

The fully-insured premiums Kentucky Public Pensions Authority pays for the CERS Health Insurance Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Discount rate: Single discount rates of 5.20% were used to measure the total OPEB liability as of June 30, 2021. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of current plan members. However, the cost associated with the implicit employer subsidy was not included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate: The following presents the District's proportionate share of the collective net OPEB liability calculated using the discount rate of 5.20% (non-hazardous), 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 one percentage point lower 4.20% or one percentage point higher 6.20% than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	$ 890,991	$ 648,941	$ 450,299

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 are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of net OPEB liability	$ 467,160	$ 648,941	$ 868,353

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority financial report.

D. Contingencies and Commitments

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of cash advances, 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.

E. 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 are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include worker's compensation insurance.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries 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.

F. COBRA

All terminated employees have been notified of available continuing insurance coverage as mandated under COBRA.

G. COVID-19 Grants:

During fiscal years 2021 and 2022, the District was awarded a COVID-19 grant through the CARES Act Education Stabilization Fund of the U.S. Department of Education, passed through the Kentucky Department of Education. This awards consisted of the Elementary and Secondary School Emergency Relief Fund Award (ESSER) in the total amount of $2,641,560. Of this amount, $7,200 must be spent or encumbered by June 30, 2022; $113,500 must be spent or encumbered by September 30, 2022; $831,312 must be spent or encumbered by September 30, 2023; and $1,689,548 must be spent or encumbered by September 30, 2024. As of June 30, 2022, a total of $950,770 of these funds had been spent. The District estimates the remainder of these grants will be spent by the respective deadlines to fulfill the needs of the District.

REQUIRED SUPPLEMENTARY INFORMATION

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF BUDGETARY COMPARISON - GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
From local sources				
Taxes				
Property	$ 1,142,420	$ 1,120,000	$ 1,203,128	$ 83,128
Motor vehicle	310,000	320,000	392,588	72,588
Utilities	255,000	255,000	277,510	22,510
Other	54,830	55,000	48,621	(6,379)
Earnings on investments	10,000	10,000	9,047	(953)
Other local revenues	13,800	15,000	35,724	20,724
Intergovernmental - State	4,979,329	4,995,200	5,045,620	50,420
Intergovernmental - Indirect Federal	-	-	-	-
Total revenues	6,765,379	6,770,200	7,012,238	242,038
Expenditures				
Current				
Instruction	4,152,919	4,212,880	4,045,473	167,407
Support Services				
Student	293,775	300,039	239,111	60,928
Instructional staff	124,684	126,522	80,923	45,599
District administration	617,803	619,809	535,763	84,046
School administration	458,298	464,851	434,103	30,748
Business	204,751	209,056	281,895	(72,839)
Plant operations and management	630,917	615,531	607,320	8,211
Student transportation	542,372	549,526	542,330	7,196
Interest and issuance cost	68,231	63,278	63,278	-
Contingency	479,670	524,278	-	524,278
Total expenditures	7,573,420	7,685,770	6,830,196	855,574
Excess (deficit) of revenues over expenditures	(808,041)	(915,570)	182,042	1,097,612
Other Financing Sources (Uses)				
Transfers in	148,141	155,570	139,273	(16,297)
Transfers out	(12,000)	(12,000)	(13,972)	(1,972)
Indirect cost transfers	25,000	25,000	95,491	70,491
Total other financing sources (uses)	161,141	168,570	220,792	52,222
Net change in fund balance	**(646,900)**	**(747,000)**	**402,834**	**1,149,834**
Fund balance, beginning of year	646,900	747,000	763,103	16,103
Fund balance, end of year	$ -	$ -	$ 1,165,937	$ 1,165,937

See independent auditor's report.

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF BUDGETARY COMPARISON - SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
From local sources				
Other local revenue	$ 32,014	$ 32,014	$ 30,298	$ (1,716)
Intergovernmental - State	505,280	627,417	588,279	(39,138)
Intergovernmental - Indirect Federal	604,640	677,211	1,592,653	915,442
Total revenues	1,141,934	1,336,642	2,211,230	874,588
Expenditures				
Current				
Instruction	995,491	1,092,550	1,765,371	(672,821)
Support Services				
Student	43,095	43,095	66,606	(23,511)
Instructional staff	28,541	78,418	78,367	51
District administration	-	-	45,938	(45,938)
Business	-	37,000	37,000	-
Plant operation and management	-	5,164	84,940	(79,776)
Student transportation	-	-	-	-
Non-instructional services	76,118	76,118	76,118	-
Total expenditures	1,143,245	1,332,345	2,154,340	(821,995)
Excess (deficit) of revenues over expenditures	(1,311)	4,297	56,890	52,593
Other Financing Sources (Uses)				
Transfers in	12,000	12,000	13,972	1,972
Transfers out	(10,689)	(16,297)	-	16,297
Indirect cost transfers	-	-	(70,862)	(70,862)
Total other financing sources (uses)	1,311	(4,297)	(56,890)	(52,593)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

See independent auditor's report.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
County Employee's Retirement System
Fiscal Years Ending June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.033905%	0.033793%	0.036650%	0.036722%	0.036047%	0.0389320%	0.0385820%	0.0388600%
District's proportionate share of the net pension liability (asset)	$ 2,161,710	$ 2,591,895	$ 2,577,611	$ 2,236,483	$ 2,109,942	$ 1,916,867	$ 1,658,837	$ 1,260,700
District's covered-employee payroll	$ 877,764	$ 876,323	$ 935,239	$ 920,746	$ 888,998	$ 871,094	$ 896,754	$ 891,570
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	246.27%	295.77%	275.61%	242.90%	237.34%	220.05%	184.98%	141.40%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	50.45%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
County Employee's Retirement System
Fiscal Years Ending June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 191,358	$ 169,416	$ 163,131	$ 151,696	$ 133,324	$ 124,015	$ 108,190	$ 114,336	$ 122,502
Contributions in relation to the contractually required contribution	(191,358)	(169,416)	(163,131)	(151,696)	(133,324)	(124,015)	(108,190)	(115,192)	(122,502)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (856)	$ -
District's covered employee payroll	$ 903,977	$ 877,764	$ 876,323	$ 935,239	$ 920,746	$ 888,998	$ 871,094	$ 896,754	$ 891,570
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	18.62%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
County Employee's Retirement System
Fiscal Years Ending June 30,

	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability (asset)	0.033897%	0.033783%	0.036640%	0.036720%	0.036047%
District's proportionate share of the net OPEB liability (asset)	$ 648,941	$ 815,757	$ 616,268	$ 651,956	$ 724,668
District's covered-employee payroll	$ 877,764	$ 876,323	$ 935,239	$ 920,746	$ 888,998
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	73.93%	93.09%	65.89%	70.81%	81.52%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
County Employee's Retirement System
Fiscal Years Ending June 30,

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 52,255	$ 41,773	$ 41,713	$ 49,194	$ 43,275	$ 42,050
Contributions in relation to the contractually required contributior	(52,255)	(41,773)	(41,713)	(49,194)	(43,275)	(42,050)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 903,977	$ 877,764	$ 876,323	$ 935,239	$ 920,746	$ 888,998
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

See independent auditor's report and notes to required supplementary information.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE COMMONWEALTH OF KENTUCKY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
SPECIAL FUNDING SITUATION
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the net pension liability (asset)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability (asset) associated with the District	12,846,429	14,428,113	14,931,323	14,214,352	28,994,847	31,705,831	25,378,824	25,583,795
Total proportionate share of the net pension liability (asset)	$ 12,846,429	$ 14,428,113	$ 14,931,323	$ 14,214,352	$ 28,994,847	$ 31,705,831	$ 25,378,824	$ 25,583,795
District's covered-employee payroll	$ 3,110,272	$ 4,436,395	$ 4,632,285	$ 4,554,549	$ 4,434,905	$ 4,500,667	$ 4,440,551	$ 4,612,034
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered employee payroll	$ 3,064,875	$ 3,110,272	$ 4,436,395	$ 4,632,285	$ 4,554,549	$ 4,434,905	$ 4,500,667	$ 4,440,551	$ 4,612,034
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

See independent auditor's report and notes to required supplementary information.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE FUND
SPECIAL FUNDING SITUATION
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability (asset)	0.052568%	0.054364%	0.058478%	0.055996%	0.056587%
District's proportionate share of the net OPEB liability (asset)	$ 1,128,000	$ 1,372,011	$ 1,712,000	$ 1,943,000	$ 2,018,000
State's proportionate share of the net OPEB liability (asset) associated with the District	916,000	1,099,000	1,414,000	1,674,000	1,648,000
Total proportionate share of the net OPEB liability (asset)	$ 2,044,000	$ 2,471,011	$ 3,126,000	$ 3,617,000	$ 3,666,000
District's covered-employee payroll	$ 3,110,272	$ 3,200,296	$ 3,394,224	$ 3,324,912	$ 3,231,668
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	36.27%	42.87%	50.44%	58.44%	62.44%
Plan fiduciary net position as a percentage of the total OPEB liability	51.74%	39.05%	32.58%	25.50%	21.18%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - MEDICAL INSURANCE FUND
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 91,947	$ 93,309	$ 96,013	$ 101,827	$ 99,747	$ 96,950
Contributions in relation to the contractually required contribution	(91,947)	(93,309)	(96,013)	(101,827)	(99,747)	(96,950)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered employee payroll	$ 3,064,875	$ 3,110,272	$ 3,200,296	$ 3,394,224	$ 3,324,912	$ 3,231,668
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE COMMONWEALTH OF KENTUCKY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - LIFE INSURANCE FUND - SPECIAL FUNDING SITUATION
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the net OPEB liability (asset)	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	12,000	33,000	32,000	29,000	22,000
Total proportionate share of the net OPEB liability (asset)	$ 12,000	$ 33,000	$ 32,000	$ 29,000	$ 22,000
District's covered-employee payroll	$ 3,110,272	$ 3,200,296	$ 3,394,224	$ 3,324,912	$ 3,231,668
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	89.15%	71.57%	73.40%	75.00%	79.99%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

See independent auditor's report and notes to required supplementary information.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - LIFE INSURANCE FUND
Kentucky Teachers' Retirement System
Fiscal Years Ending June 30,

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered employee payroll	$ 3,064,875	$ 3,110,272	$ 3,200,296	$ 3,394,224	$ 3,324,912	$ 3,231,668
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future until 10 years of information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Kentucky Teachers' Retirement System

Pension Plan

Changes of benefit terms: None.

Changes of assumptions:

- In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

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

- In the 2016 valuation, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience and the assumed salary scale, price inflation, and wage inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

- In the 2020 experience study, rates of withdrawal, retirement disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.5 percent to 7.10 percent.

Medical Insurance Plan

Changes of benefit terms: The following changes were made by the General Assembly and reflected in the valuation performed as of June 30, 2016:

House Bill 471 restored the eligibility of non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, 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.

Changes of assumptions:

- In 2020, health care cost trend rates were updated.

- In the 2020 experience study, rates of withdrawal, retirement disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

Life Insurance Plan

Changes of benefit terms: None.

Changes of assumptions:

- In the 2020 experience study, rates of withdrawal, retirement disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

Pension Plan

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

Changes of assumptions: In the June 30, 2019, 2017 and 2015 actuarial valuations, the following changes in actuarial assumptions were made:

	June 30, 2019	June 30, 2017	June 30, 2015	June 30, 2014
Inflation	2.30%	2.30%	3.25%	3.50%
Payroll Growth	2.00%	0.75%	0.75%	1.00%
Salary Increases	3.30% to 10.30%	3.05%	4.00%	4.50%
Investment Rate of Return	6.25%	6.25%	7.50%	7.75%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was 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. The mortality table used for the disabled members was PUB-2010 Disable 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.

Beginning with the June 30, 2015 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For periods prior to the June 30, 2015 actuarial valuation, the rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years was used for the period after disability retirement.

Other Postemployment Benefits Plan

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

Changes of assumptions: In the June 30, 2019 actuarial valuation, the following changes in actuarial assumptions were made:

	June 30, 2019	June 30, 2017
Inflation	2.30%	2.30%
Payroll Growth	2.00%	0.75%
Salary Increases	3.30% to 10.30%	3.05%
Investment Rate of Return	6.25%	6.25%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was 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. The mortality table used for the disabled members was PUB-2010 Disable 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.

Beginning with the June 30, 2017 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and

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

OTHER SUPPLEMENTARY INFORMATION

CARLISLE COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Construction Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	$ 152,831	$ 115,423	$ 32,412	$ -	$ 147,225	$ 447,891
Investments	2,674	-	-	-	-	2,674
Total assets	**$ 155,505**	**$ 115,423**	**$ 32,412**	**$ -**	**$ 147,225**	**$ 450,565**
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Fund Balances						
Restricted	155,505	115,423	32,412	-	147,225	450,565
Total fund balances	155,505	115,423	32,412	-	147,225	450,565
Total liabilities and fund balances	**$ 155,505**	**$ 115,423**	**$ 32,412**	**$ -**	**$ 147,225**	**$ 450,565**

CARLISLE COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Construction Fund	Total Nonmajor Governmental Funds
Revenues						
From local sources						
Taxes						
Property	$ -	$ -	$ -	$ 329,524	$ -	$ 329,524
Earnings on investments	3	174	-	-	-	177
Other local revenues	152,467	263,479	-	-	-	415,946
Intergovernmental - State	-	-	66,534	279,932	-	346,466
Total revenues	152,470	263,653	66,534	609,456	-	1,092,113
Expenditures						
Current						
Instruction	139,415	230,619	-	-	-	370,034
Student transportation	-	2,430	-	-	-	2,430
Total expenditures	139,415	233,049	-	-	-	372,464
Excess (deficit) of revenues over expenditures	13,055	30,604	66,534	609,456	-	719,649
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(34,122)	(609,456)	-	(643,578)
Total other financing sources (uses)	-	-	(34,122)	(609,456)	-	(643,578)
Net change in fund balances	**13,055**	**30,604**	**32,412**	**-**	**-**	**76,071**
Fund balances, beginning of year	142,450	84,819	-	-	147,225	374,494
Fund balances, end of year	$ 155,505	$ 115,423	$ 32,412	$ -	$ 147,225	$ 450,565

See independent auditor's report.

CARLISLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2022

Fund	July 1, 2021	Revenues	Expenditures	June 30, 2022
Student Activity Funds				
Carlisle County High School:				
General	$ 2,889	$ 1,675	$ 1,093	$ 3,471
Teacher Vending	143	181	173	151
Student Vending	35	-	25	10
Flower Fund	60	90	-	150
General Athletics	25,130	56,596	46,478	35,248
Boys Basketball	7,812	9,356	11,681	5,487
Girls Basketball	4,692	3,738	3,218	5,212
Volleyball	598	4,235	4,451	382
Golf	-	1,865	1,865	-
Baseball	631	10,573	11,204	-
Softball	68	12,438	10,056	2,450
Cross Country	-	20	-	20
Cheerleading	417	6,943	5,628	1,732
FBLA	5,657	20,228	23,050	2,835
FFA	11,678	33,368	34,783	10,263
FCC	301	-	-	301
Student Council	889	-	-	889
Stars	578	25		603
Pep Club	505	577	785	297
Arts Guild	225	520	500	245
Beta	428	240	250	418
Prom	2,070	7,404	6,192	3,282
FCCLA	158	230	177	211
	64,964	170,302	161,609	73,657
Less: inter-fund transfers	-	4,750	4,750	-
Total Carlisle County High School	**64,964**	**165,552**	**156,859**	**73,657**
Carlisle County Middle School	**17,481**	**32,238**	**30,916**	**18,803**
Carlisle County Elementary School	**2,374**	**65,863**	**45,274**	**22,963**
Total student activity funds	**$ 84,819**	**$ 263,653**	**$ 233,049**	**$ 115,423**

See independent auditor's report.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/CFDA Program Title	Federal CFDA Number	Pass-through Number	Program or Award Amount	Expenditures
U.S. Department of Education				
Passed Through Kentucky Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-21	$ 231,764	$ 191,790
Title I Grants to Local Educational Agencies	84.010	3100002-20	234,077	27,606
			465,841	219,396
Special Education Cluster (IDEA):				
Special Education, IDEA, Part B	84.027A	3810002-21	165,505	154,951
Special Education, IDEA Preschool	84.173A	3800002-21	15,621	15,621
Total Special Education Cluster (IDEA)			181,126	170,572
Career and Technical Education Basic Grants to States	84.048	3710002-21	11,910	9,004
Career and Technical Education Basic Grants to States	84.048	3710002-20	1,450	128
			13,360	9,132
Rural and Low Income Education	84.358B	3140002-21	15,804	3,399
Rural and Low Income Education	84.358B	3140002-20	13,277	8,959
			29,081	12,358
Supporting Effective Instruction (formerly Improving Teacher Quality)	84.367	3230002-21	37,168	37,168
Student Support and Academic Enrichment Program	84.424	3420002-21	17,222	11,167
Education Stabilization Fund:				
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	1,689,548	397,501
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-21	113,500	75,640
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4000002-21	783,705	422,822
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4000003-21	7,200	7,200
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200003-21	47,607	47,607
			2,641,560	950,770
Total U.S. Department of Education			3,385,358	1,410,563
U.S. Department of Agriculture				
Passed Through State Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005	169,540	169,540
National School Lunch Program - Donated Commodities	10.555	4002244	35,896	35,896
National School Lunch Program	10.555	7750002	389,229	389,229
Summer Food Service Program for Children	10.559	7690024-21	9,726	9,726
Total Child Nutrition Cluster			604,391	604,391
PEBT Adminstrative Funds	10.649	9990000	614	614
State Administrative Expenses for Child Nutrition	10.560	7700001-21	920	920
Total U.S. Department of Agriculture			605,925	605,925

See independent auditor's report.
The accompanying notes are an integral part of this schedule.

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/CFDA Program Title	Federal CFDA Number	Pass-through Number	Program or Award Amount	Expenditures
U.S. Department of Health and Human Resources				
Passed Through Murray Board of Education				
Head Start	93.600	04CH011242-01	183,949	183,949
Total U.S. Department of Health and Human Resources			183,949	183,949
Total federal awards			**$ 4,175,232**	**$ 2,200,437**

Reconciliation of Expenditures of Federal Awards to Special Revenue Total Expenditures

Total expenditures of federal awards	$ 2,200,437
Total expenditures of state and local awards	630,690
Expenditure of federal awards in the food service fund	(605,925)
Total expenditures as reported in the special revenue fund on the statement of revenues, expenditures and changes in fund balance - governmental funds	**$ 2,225,202**

See independent auditor's report.
The accompanying notes are an integral part of this schedule.

CARLISLE COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Carlisle County School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Carlisle County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Carlisle County School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles general accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Carlisle County School District has elected to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

NOTE 4 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

INTERNAL CONTROL AND COMPLIANCE SECTION

ATA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlisle County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Carlisle County School District's basic financial statements and have issued our report thereon dated November 9, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carlisle County School District's internal control over financial reporting (internal control) as a basis for designing 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 Carlisle County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Carlisle County School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carlisle County School District's financial statements are free of 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 other matters that we reported to management of Carlisle County School District in a separate letter dated November 9 2022, as required by the auditor's contract with the Kentucky Department of Education.

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.

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 9, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Carlisle County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carlisle County School District's major federal programs for the year ended June 30, 2022. Carlisle County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Carlisle County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Carlisle County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Carlisle County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Carlisle County School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Carlisle County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Carlisle County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Carlisle County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Carlisle County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Carlisle County School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 9, 2022

CARLISLE COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified?		yes	x	none reported
Noncompliance material to financial statements noted?		yes	x	no

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified?		yes	x	none reported
Type of auditor's report issued on compliance for major federal programs:	unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	x	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	x	yes		no

FINANCIAL STATEMENT FINDINGS

None reported

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

MANAGEMENT LETTER POINTS

ATA

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Casey Henderson, Superintendent
Carlisle County Board of Education
Bardwell, Kentucky

In planning and performing our audit of the financial statements of Carlisle County School District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effective of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses as well as matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated November 9, 2022, on the financial statements of Carlisle County School District.

We will review the status of the comments during our next audit engagement. We have already discussed the 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.

This communication is intended solely for the information and use of management of Carlisle County School District and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

Alexander Thompson Arnold PLLC

Murray, Kentucky
November 9, 2022

CARLISLE COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
For the Year Ended June 30, 2022

MANAGEMENT LETTER POINTS

I. ***Condition*****:** During our testing of activity funds, we noted that the Board has not historically approved activity fund budgets.

Criteria: The KDE Redbook states that school activity fund budgets should be submitted to the local board for approval by the end of May.

Cause: The Board was unaware of this requirement.

Effect: The District is not in compliance with the KDE Redbook.

Recommendation: ATA recommends that the Board approve the budgets for all activity student activity funds in the District by the end of May each year.

Response: Management agrees with this recommendation and will ensure that the Board will approve these budgets going forward.

II. ***Condition*****:** During our internal control procedures, we noted that all board office employees have access to the key in the AP Secretary's office where the District's credit cards are stored.

Criteria: The District's internal control environment should include physical controls that mitigate the risk of credit card usage by unauthorized individuals.

Cause: The key to the AP secretary's office is stored in a safe at the board office for which each board office employee has the combination.

Effect: There is an increased risk of theft and fraudulent credit card purchases.

Recommendation: ATA recommends that access to the credit card storage location should be accessible by no more than three employees.

Response: Management is planning to purchase a locking filing cabinet in which to store the credit cards, and no more than three employees will have access to the cabinet.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CARLISLE COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022

FINANCIAL STATEMENT FINDINGS

None reported

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

CARLISLE COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR MANAGEMENT LETTER POINTS
June 30, 2022

MANAGEMENT LETTER POINTS

I. ***Condition*:** During our testing of credit card purchases, we noted several instances where there was no signature approval on the related purchase receipts or invoices.

Criteria: The District's policy states that all purchases are to be approved by an authorized individual.

Cause: Breakdown in internal controls over credit card disbursements.

Effect: Potential circumvention of the District's policies which could lead to misappropriation of funds.

Recommendation: An authorized individual should review and sign a purchase receipt or invoice for all credit card disbursements.

Current Status: The finding was not repeated in the current year.

APPENDIX C

Carlisle County School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2023

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of April 19, 2023 by and between the Board of Education of Carlisle County, Kentucky ("Board"); the Carlisle County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third-party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $1,445,000 of the Corporation's Energy Conservation Revenue Bonds, Series of 2023, dated April 19, 2023 ("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, 2023, 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
CARLISLE COUNTY, KENTUCKY

Attest:

____
Chairman

____
Secretary

CARLISLE COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

Attest:

____
President

____
Secretary

APPENDIX D

Carlisle County School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2023

Official Terms and Conditions of Sale

OFFICIAL
TERMS AND CONDITIONS OF BOND SALE

$1,445,000*
Carlisle County School District Finance Corporation
Energy Conservation Revenue Bonds, Series of 2023
Dated April 19, 2023

SALE: March 29, 2023 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Carlisle County (Kentucky) School District Finance Corporation ("Corporation") will until 11:00 A.M., E.D.ST., on March 29, 2023 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 $1,445,000 principal amount of Carlisle County School District Finance Corporation Energy Conservation Revenue Bonds, Series of 2023, dated April 19, 2023. 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.

CARLISLE COUNTY (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non profit, non stock corporation for the purpose of financing necessary school facilities for and on behalf of the Board of Education of Carlisle County, 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 162.300 (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 Carlisle County High School, Carlisle County Middle School and Carlisle County Elementary 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 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 April 19, 2023, payable on October 1, 2023, and semi annually thereafter and shall mature as to principal on April 1 in each of the years as follows:

YEAR	MATURITIES*	YEAR	MATURITIES*
2024	$ 32,000	2034	$ 69,000
2025	30,000	2035	75,000
2026	33,000	2036	81,000
2027	37,000	2037	87,000
2028	41,000	2038	95,000
2029	45,000	2039	102,000
2030	49,000	2040	110,000
2031	54,000	2041	118,000
2032	59,000	2042	127,000
2033	64,000	2043	137,000

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

The Bonds maturing on or after April 1, 2032 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after April 1, 2031, 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 $1,416,100 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(D) The maximum permissible net interest cost for the Bonds shall not exceed "The Bond Buyer's" Index of 20 Municipal Bonds as established on the Thursday immediately preceding the sale of said Bonds plus 1.50%.

(E) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly $1,445,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by $145,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $1,300,000 or a maximum of $1,590,000. 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 $1,445,000 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 March 29, 2023.

(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 April 1 in accordance with the maturity schedule setting the actual size of the issue.

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

(I) The Corporation 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 July 13, 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.

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

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income of certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

CONTINUING DISCLOSURE

As a result of the 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, Carlisle County Board of Education, 4557 State Rt. 1377, Bardwell, Kentucky 42023 (270-628-3800).

TAX EXEMPTION; BANK QUALIFIED

Bond advises as follow with respect to the Bonds:

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

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and interest on the Bonds will not be a specific item of tax preference for purposes of computing 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, 2023, 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.

CARLISLE COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION

By /s/ Rachel Bowles
Secretary

APPENDIX E

Carlisle County School District Finance Corporation
Energy Conservation Revenue Bonds
Series of 2023

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Carlisle County (Kentucky) School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on March 29, 2023, 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 $1,445,000 School District Finance Corporation Energy Conservation Revenue Bonds, Series of 2023, dated April 19, 2023; maturing April 1, 2024 through 2043 ("Bonds").

We hereby bid for said $1,445,000* principal amount of Bonds, the total sum of $_______________ (not less than $1,416,100) plus accrued interest from April 19, 2023 payable October 1, 2023 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on April 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2024	$ 32,000	_________%	2034	$ 69,000	_________%
2025	30,000	_________%	2035	75,000	_________%
2026	33,000	_________%	2036	81,000	_________%
2027	37,000	_________%	2037	87,000	_________%
2028	41,000	_________%	2038	95,000	_________%
2029	45,000	_________%	2039	102,000	_________%
2030	49,000	_________%	2040	110,000	_________%
2031	54,000	_________%	2041	118,000	_________%
2032	59,000	_________%	2042	127,000	_________%
2033	64,000	_________%	2043	137,000	_________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $1,590,000 of Bonds or as little as $1,300,000 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 March 29, 2023.

(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 April 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through U.S. Bank Trust Company, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502-562-6436).

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about April 19, 2023 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 April 19, 2023to 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 Carlisle county School District Finance Corporation for $_______________ amount of Bonds at a price of $____________ as follows:

Year	Amount	Rate	Year	Amount	Rate
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: March 29, 2023

____

RSA Advisors, LLC as Agent for the Carlisle County School District Finance Corporation