PRELIMINARY OFFICIAL STATEMENT

DATED MAY 26, 2023

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)

$2,820,000*
HANCOCK COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2023

Dated with Delivery: JUNE 27, 2023 **Due: as shown below**

Interest on the Bonds is payable each June 1 and December 1, beginning December 1, 2023. The Bonds will mature as to principal on June 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 $5,000 and integral multiples thereof.

Maturing 1-Jun	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Jun	Amount	Interest Rate	Reoffering Yield	CUSIP
2024	$125,000	%	%		2032	$240,000	%	%	
2025	$40,000	%	%		2033	$250,000	%	%	
2026	$40,000	%	%		2034	$260,000	%	%	
2027	$40,000	%	%		2035	$270,000	%	%	
2028	$40,000	%	%		2036	$285,000	%	%	
2029	$200,000	%	%		2037	$295,000	%	%	
2030	$200,000	%	%		2038	$305,000	%	%	
2031	$230,000	%	%						

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 Hancock 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 Hancock County Board of Education.

The Hancock County (Kentucky) School District Finance Corporation will until June 6, 2023, at 11:30 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, 229 West Main Street, Suite 102, 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 $280,000.**

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

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

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

RSA advisors

HANCOCK COUNTY
BOARD OF EDUCATION

David Emmick, Chairperson
Donna Quattrocchi, Member
Shane Ball, Member
Vanessa Cox, Member
Brooke Payne, Member

Robby Asberry, Superintendent
Nicole Cameron, Secretary

HANCOCK COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

David Emmick, President
Donna Quattrocchi, Member
Shane Ball, Member
Vanessa Cox, Member
Brooke Payne, Member

Nicole Cameron, Secretary
Kara Eckles, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

First Financial Bank, National Association
Hawesville, 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 Hancock County School District Finance Corporation School Building 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.

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OFFICIAL STATEMENT
Relating to the Issuance of

$2,820,000*

HANCOCK COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING 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 Hancock County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2023 (the "Bonds").

The Bonds are being issued to finance High School Track and Football Field Renovations (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Hancock 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 Hancock 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 June 27, 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 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
2011	$675,000	$325,000	$0	$675,000	3.750% - 3.750%	2031
2012-REF	$8,010,000	$880,000	$3,101,975	$4,908,025	2.375%	2024
2014	$480,000	$300,000	$0	$480,000	3.500% - 4.000%	2034
2015	$1,235,000	$815,000	$0	$1,235,000	2.100% - 3.300%	2035
2016-REF	$4,415,000	$3,330,000	$3,160,678	$1,254,322	2.000% - 3.000%	2029
2018	$5,090,000	$4,735,000	$4,005,074	$1,084,926	3.000%- 3.700%	2038
TOTALS:	$19,905,000	$10,385,000	$10,267,727	$9,637,273		

AUTHORITY

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

i) the issuance of approximately $2,820,000 of Bonds subject to a permitted adjustment of $280,000;

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

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

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

THE BONDS

General

The Bonds will be dated June 27, 2023, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2023, and will mature as to principal on June 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). First Financial Bank, National Association, Hawesville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on June 1 and December 1 of each year, beginning December 1, 2023 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after June 1, 2032, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 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
June 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 lien on and pledge of revenue on and from the school building Project; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issue to finance or refinance the high school building to which the Project relates (the "Parity Bonds").

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from June 27, 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 June 1, 2038, 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 and Participation Agreement to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance renovations to the High School Track and Football Field (the "Project").

The Board has reported construction bids have been let for the Project and award of the construction contract is expected prior to the sale and delivery of the Bonds.

Contractors for the Project are required to furnish to the Board a one hundred percent completion bond to assure their performance of the construction contract.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

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

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

ESTIMATED BOND DEBT SERVICE

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

Fiscal Year Ending June 30	Current Local Bond Payments	Series 2023 School Building Revenue Bonds (100% Local) Principal Portion	Interest Portion	Total Payment	Total Local Bond Payments
2023	$737,135				$737,135
2024	$737,954	$125,000	$104,653	$229,653	$967,607
2025	$747,075	$40,000	$107,800	$147,800	$894,875
2026	$745,227	$40,000	$106,200	$146,200	$891,427
2027	$738,672	$40,000	$104,600	$144,600	$883,272
2028	$743,177	$40,000	$103,000	$143,000	$886,177
2029	$585,646	$200,000	$101,400	$301,400	$887,046
2030	$594,246	$200,000	$93,400	$293,400	$887,646
2031	$408,627	$230,000	$85,400	$315,400	$724,027
2032	$409,150	$240,000	$76,200	$316,200	$725,350
2033	$410,221	$250,000	$66,600	$316,600	$726,821
2034	$417,354	$260,000	$56,600	$316,600	$733,954
2035	$413,089	$270,000	$46,200	$316,200	$729,289
2036	$418,492	$285,000	$35,400	$320,400	$738,892
2037	$416,480	$295,000	$24,000	$319,000	$735,480
2038	$412,128	$305,000	$12,200	$317,200	$729,328
2039	$417,836				$417,836
TOTALS:	$9,352,510	$2,820,000	$1,123,653	$3,943,653	$13,296,163

Note: Numbers are rounded to the nearest $1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$2,820,000.00
Total Sources	$2,820,000.00
Uses:	
Deposit to Construction Fund	$2,727,770.00
Underwriter's Discount (2%)	56,400.00
Cost of Issuance	35,830.00
Total Uses	$2,820,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	1,409.9	2011-12	1,517.2
2001-02	1,441.0	2012-13	1,499.6
2002-03	1,415.0	2013-14	1,522.9
2003-04	1,403.1	2014-15	1,517.7
2004-05	1,442.9	2015-16	1,510.1
2005-06	1,450.7	2016-17	1,511.7
2006-07	1,438.3	2017-18	1,506.2
2007-08	1,479.5	2018-19	1,501.9
2008-09	1,526.3	2019-20	1,465.0
2009-10	1,512.5	2020-21	1,465.0
2010-11	1,525.6	2021-22	1,515.0
		2022-23	1,515.0

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 $4,000 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 Hancock County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	140,990.0	2011-12	151,721.0
2001-02	144,100.0	2012-13	149,957.0
2002-03	141,500.0	2013-14	152,292.0
2003-04	140,310.0	2014-15	151,767.0
2004-05	144,290.0	2015-16	151,005.0
2005-06	145,070.0	2016-17	151,174.6
2006-07	143,830.0	2017-18	150,620.0
2007-08	147,950.0	2018-19	150,190.0
2008-09	152,634.0	2019-20	146,500.0
2009-10	151,248.0	2020-21	146,502.1
2010-11	152,557.0	2021-22	151,502.5
		2022-23	151,502.5

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	67.9	464,645,456	3,154,943
2001-02	67.8	492,350,807	3,338,138
2002-03	68.9	491,560,330	3,386,851
2003-04	68.9	516,142,225	3,556,220
2004-05	70.6	509,378,116	3,596,209
2005-06	68.9	531,884,269	3,664,683
2006-07	71.8	564,547,207	4,053,449
2007-08	68.9	598,581,710	4,124,228
2008-09	68.7	575,603,580	3,954,397
2009-10	68.7	549,720,480	3,776,580
2010-11	75.6	561,808,911	4,247,275
2011-12	72.5	565,943,935	4,103,094
2012-13	75.2	550,876,935	4,142,595
2013-14	78.4	576,058,574	4,516,299
2014-15	77.2	583,163,442	4,502,022
2015-16	94.3	657,241,874	6,197,791
2016-17	83.7	810,234,992	6,781,667
2017-18	74.6	847,285,657	6,320,751
2018-19	74.6	862,380,647	6,433,360
2019-20	86.6	936,487,345	8,109,980
2020-21	77.6	969,494,956	7,523,281
2021-22	84.9	912,700,229	7,748,825
2022-23	96.4	968,462,105	9,335,975

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Hancock County School District or other issuing agency within Hancock 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 Hancock			
Solid Waste Revenue	17,755,000	0	17,755,000
Refunding Revenue	5,585,119	0	5,585,119
Vehicles Revenue	145,422	0	145,422
City of Hawesville			
Refinancing Refunding Revenue	1,063,000	797,000	266,000
City of Lewisport			
General Obligation	205,000	33,333	171,667
Special Districts			
Hancock County Public Library	2,300,000	212,000	2,088,000
Totals:	27,053,541	1,042,333	26,011,208

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	4,322,459	3,154,943	7,477,402
2001-02	4,433,036	3,338,138	7,771,174
2002-03	4,639,503	3,386,851	8,026,354
2003-04	4,678,136	3,556,220	8,234,356
2004-05	5,043,258	3,596,209	8,639,467
2005-06	5,396,403	3,664,683	9,061,086
2006-07	5,359,943	4,053,449	9,413,392
2007-08	6,068,169	4,124,228	10,192,397
2008-09	6,790,033	3,954,397	10,744,430
2009-10	6,227,718	3,776,580	10,004,298
2010-11	6,327,995	4,247,275	10,575,270
2011-12	6,824,544	4,103,094	10,927,638
2012-13	6,879,132	4,142,595	11,021,727
2013-14	6,833,724	4,516,299	11,350,023
2014-15	6,918,472	4,502,022	11,420,494
2015-16	6,578,653	6,197,791	12,476,444
2016-17	6,069,690	6,781,667	12,851,357
2017-18	5,953,915	6,320,751	12,274,666
2018-19	5,899,179	6,433,360	12,332,539
2019-20	5,359,642	8,109,980	13,469,622
2020-21	5,017,960	7,523,281	12,541,241
2021-22	5,689,524	7,748,825	13,438,349
2022-23	5,885,197	9,335,975	15,221,172

(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 $0.9640 for FY 2022-23. 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, Hancock County Board of Education, 1760 Sardis Road, Mount Olivet, Kentucky 41064, Telephone 606-724-5431.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and will not be a specific item of tax preference for purposes of Federal income taxation. However, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 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 may be 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") may be 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 Hancock 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 Hancock 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 Hancock 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

Hancock County School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Demographic and Economic Data

HANCOCK COUNTY, KENTUCKY

Hawesville, the county seat of Hancock County, had a 2022 estimated population of 1,029. Hancock County had an estimated 2022 population of 9,264.

The Economic Framework

In 2022, Hancock County had a labor force of 4,144 people with an unemployment rate of 3.7%. The top 5 jobs by occupation were as follows: Office and Administrative Support - 312 (15.16%); Education, Training/Library - 196 (9.52%); Executive, Managers, and Administrators - 190 (9.23%); Health Diagnosing and Treating Practitioners - 139 (6.75%); and Construction and Extraction - 138 (6.71%).

Power and Fuel

Electric power is provided to Hawesville and portions of Hancock County by Big Rivers Electric Corporation. Natural gas service is provided to the City of Lewisport by the City's Natural Gas System and Hancock County by Atmos Energy Corporation.

Property Taxes

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

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

Property assessments in Kentucky are at 100% fair cash value. A 15% reduction is automatically granted for accounts receivable.

LABOR MARKET STATISTICS

The Hancock County Labor Market Area includes Hancock County and the adjoining Kentucky counties of Breckinridge, Daviess, Ohio, Perry, and Spencer.

POPULATION

Area	2020	2021	2022
Hawesville	890	1,008	1,029
Lewisport	1,703	1,744	1,792
Hancock County	8,789	9,112	9,234

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

POPULATION PROJECTIONS

Area	2025	2030	2035
Hancock County	9,302	9,516	9,685

Source: University of Louisville, Urban Studies Center, State Data Center.

EDUCATION

Public Schools

	Hancock County
Total Enrollment (2022-23)	1,526
Pupil-Teacher Ratio (2022-23)	15 - 1

Vocational Training

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

Customized Training

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

Assessment Services

Kentucky Tech Career Connections offers to business, education and government agencies testing packages for evaluating job applicants, selecting employees for promotional consideration, and developing training programs within the organization.

Adult Education Services

Adult education programs are available to adults who want to develop new skills, improve basic skills, or earn a high school equivalency diploma. In Hancock County, adult education is provided by the Hancock County Board of education and adult literacy programs are provided through the Appalachian Communities for Children.

Vocational Schools:

Vocational School	Location	Enrollment 2021-22
Breckinridge County ATC	Harned, KY	524
Butler County ATC	Morgantown, KY	222
Meade County ATC	Brandenburg, KY	474
Ohio County ATC	Hartford, KY	567
Webster County ATC	Dixon, KY	368

Source: Kentucky Department of Education

Colleges and Universities

School Name	Location	Undergraduate Enrollment Fall 2021
Brescia University	Owensboro, KY	752
Kentucky Wesleyan College	Owensboro, KY	778

Source: U.S. News & World Report

EXISTING INDUSTRY

Firm	Product	Number Employed
Hawesville:		
W2Pallet Inc.	Wooden Pallets & skids.	17
Lewisport:		
Aleris International	Aluminum rolling mill that manufactures aluminum coiled sheets.	800
Maxwell Brothers Lumber Co.	Grade lumber, cross ties, pallet cants & lumber	23

Source: 2020 Kentucky Directory of Manufacturers, Cabinet for Economic Development

APPENDIX B

Hancock County School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Audited Financial Statement ending June 30, 2022

HANCOCK COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2022

HANCOCK COUNTY SCHOOL DISTRICT
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Financial Section

HANCOCK COUNTY SCHOOL DISTRICT
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Alexander Thompson Arnold PLLC
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Independent Auditor's Report

Kentucky State Committee for School District Audits
Hancock County School District
Hawesville, Kentucky

Report on the Audit of the Financial Statements

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 Hancock 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 Hancock 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 Hancock 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, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the Independent Auditors Contract. 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 Hancock 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 Hancock 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 Hancock 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 Hancock 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 is the responsibility of management and, 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 Hancock County School District's basic financial statements. The combining nonmajor fund financial statements and activity fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards 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, activity fund financial statements, 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 11, 2022, on our consideration of the Hancock 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 Hancock 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 Hancock County School District's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC
Owensboro, Kentucky
November 11, 2022
Re-issued January 11,2023

Hancock County Schools

83 State Route 3543, Hawesville, Kentucky 42348

As management of the Hancock County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage our readers to consider information presented here in conjunction with additional information located within the body of the audit report.

Financial Highlights:

- The beginning Governmental Fund balance for the District was $6,134,916. The ending fund balance was $7,527,617 which was an increase of $1,392,701.
- The District is in sound financial condition as it has been able to withstand the financial pressures of a very tight state education budget over the past several years without impairing the educational programs or facilities maintenance requirements for the District.
- The District's current assets increased by $1,617,712 during the year, while current liabilities increased by only $81,065 resulting in a current ratio of 4.82:1, which is indicative of the District's solid financial position and operating efficiency.

Overview of the Financial Statements

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

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

- The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving.

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

Both of these District wide statements are divided into two types of activities:

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

- *Business-Type Activities* - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The types of activities reported in this category are the food service operations, child care centers, and adult education courses. These activities are funded through fees charged and supported by federal grants and federal commodities used in the food service operations.

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

- *Governmental Funds* - Most of the School District's activities are reported in the governmental funds that include: general fund, special revenue (grants), capital outlay, building fund (FSPK), construction fund, District 21 fund, debt service fund, and student activity fund. These funds are reported using an accounting method referred to as modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The government fund statements provide a detailed short-term view of the School District's general government operations and basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds is reconciled in the financial statements provided.

- *Proprietary Funds* - The proprietary funds include the food service, child care centers, and adult education programs found in the business type activity funds. These funds utilize the same basis of accounting as business type activities, therefore, the statements for the proprietary fund will correspond to the statement of net assets.

- *Notes to the financial statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. These notes may better explain data found in the financial statements, or provide additional information not found in the financial statements provided

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g. land and improvements, buildings and improvements, vehicles, furniture and equipment) less any related debt used to acquire those assets, which is outstanding at year end.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of those capital assets.

	June 30, 2022	June 30, 2021	Change
Current assets	$ 8,605,647	$ 6,987,935	$ 1,617,712
Capital or non-current assets	22,114,541	22,051,630	62,911
Deferred outflows	2,986,727	3,041,308	(54,581)
Total Assets and Deferred Outflows	33,706,915	32,080,873	1,626,042
Current liabilities	$ 1,783,777	$ 1,702,712	$ 81,065
Non-current liabilities	22,221,302	26,162,057	(3,940,755)
Deferred Inflows	3,111,172	1,260,970	1,850,202
Total Liabilities and Deferred Inflows	27,116,251	29,125,739	(2,009,488)
Net investment in capital assets	10,512,861	9,223,180	1,289,681
Restricted	2,673,038	1,918,287	754,751
Unassigned	(6,595,235)	(8,186,333)	1,591,098
Total Net Financial Position	$ 6,590,664	$ 2,955,134	$ 3,635,530

Total net assets and deferred outflows exceeded total liabilities and deferred inflows by $6,590,664, increasing by $3,635,530 from the prior year.

Current assets increased by $1.6 million during the fiscal year and capital assets increased by $62,911. Total expenditures for capital assets during the year were $917,513, while depreciation of assets totaled $835,439. The net decrease in the net pension liability and other post-employment benefits liabilities and payment of debt covenants resulted in a net decrease in long-term liabilities of $3,940,755. All of these factors resulted in an increase in net position of $3,635,530 for the year ended June 30, 2022.

The District's total government-wide revenues were $26,115,394 and the total expenditures were $22,479,864.

- State revenues and formula grants accounted for 58% of the total revenues while local taxes accounted for 36%.
- Expenditures totaled $22,479,864, with $16,775,993 or 75% of the total being expended towards student instruction and support.

The following charts relate to the government-wide activities:

Expenses

FUNCTIONS/PROGRAMS Governmental Activities:	2022		2021		Variance
Instruction	$ 12,041,036	53%	$ 11,712,198	54%	328,838
Student support	995,758	4%	890,607	4%	105,151
Instruction staff support	967,270	4%	1,139,655	5%	(172,385)
School administrative support	1,102,545	5%	1,065,359	5%	37,186
Business support	751,720	3%	673,475	3%	78,245
Other	1,305,690	6%	1,306,910	6%	(1,220)
Plant operation and maintenance	1,642,248	7%	1,436,554	7%	205,694
Student transportation	1,819,301	8%	1,347,180	6%	472,121
Depreciation	835,440	4%	864,562	4%	(29,122)
Food service	1,201,681	5%	1,327,683	6%	(126,002)
Total expenses	$ 22,662,689		$ 21,764,183		898,506

Revenues

FUNCTIONS/PROGRAMS Governmental Activities:	2022		2021		Variance
Charges for services	$ 4,000	0%	$ 4,000	0%	$ -
Operating Grants	6,924,434	28%	5,169,345	25%	1,755,089
Property tax	6,423,138	26%	6,324,116	31%	99,022
Motor vehicle tax	333,592	1%	296,644	1%	36,948
Utility tax	2,235,830	9%	1,520,267	7%	715,563
State and formula grants	7,632,286	31%	6,847,429	33%	784,857
Other local revenues	955,031	4%	469,745	2%	485,286
Other	387,147	2%	8,466	0%	378,681
Total Revenues	24,895,458		20,640,012		4,255,446

The most significant change for the FYE June 30, 2022 was the fact that school was in session for most of the year without being as effected by COVID-19. This is shown by the fact that Student Transportation expenses were up as well as operations and maintenance costs. State and federal grant revenue increased as well as a result of the effects of the pandemic lessening.

Governmental Fund Highlights

- Total General Fund revenues for the year were $18.3 million, with $9.7 million coming from state revenues, and the remaining $8.6 million from local sources.

- Total General Fund Expenditures were $17.6 million, with instruction costs being the largest area at $10.1 million.

- The net excess of revenues over expenditures for all governmental funds was $1.10 million. Other financing sources of $291,340 brought the overall increase in governmental fund balance of $1.39 million for the fiscal year ended.

- Special Revenue fund expenditures for the year were $3.4 million. Two major sources of revenues for this fund were state grants totaling $.61 million and federal grants totaling $2.7 million.

- Construction Fund expenditures included $408,162 for facilities acquisition and construction. These expenditures were funded by transfers.

- FSPK revenues totaled $1.2 million with $.91 million coming from property taxes and the remaining $.30 million coming from state grants. There were no expenditures from this fund only transfers out in the total of $739,477.

- In aggregate, the non-major funds of the district totaled $1.70 million in revenue. The revenue for each fund is as follows: SEEK, $151,503; Debt Service, $860,927; District Activity, $13,217; and Student Activity, $675,372. $1 million came from state sources in the SEEK and Debt Service Funds. Expenditures totaled $2.16 million coming from the following sources: SEEK, $0; Debt Service, $1,600,404; District Activity, $4,276; and Student Activity, $551,201. The Debt Service Funds received transfers of $739,477 bringing the total change in fund balance for non-major governmental funds to $284,615

- Total ending fund balances as of June 30, 2022, were $5.2 million in the General Fund and $2.3 million in the other remaining governmental funds for a total of $7.5 million.

Commentary on General Fund Budgetary Comparisons

- Actual revenues and expenditures both include $5.3 million of on behalf payments. These represent payments for employee benefits paid at the state level on behalf of the Hancock County School District.

- Total general fund revenues in relation to budgeted amounts were $7.2 million in excess of budgeted amounts. The major revenue line items exceeding amounts budgeted were property taxes from all sources and state revenues.

- Total expenditures were $17.6 million, with expenditures in relation to budgeted amounts being $3.0 million in excess of budgeted amounts. The budget included a contingency of $.3 million with no expenditures, actual instruction expenditures were $3.0 million more than budgeted, due to on-behalf expenditures made by the Commonwealth of Kentucky as the District does not budget these revenues or expenditures.

Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2022:

GOVERNMENTAL ACTIVITIES:	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Land	$ 285,807	$ -	$ -	$ 285,807
Land improvements	1,170,542	-	-	1,170,542
Building and improvements	32,347,794	30,647	-	32,378,441
Technology	2,448,071	518,936	-	2,967,007
Vehicles	2,506,321	126,738	-	2,633,059
General equipment	1,122,141	241,192	-	1,363,333
Construction in progress	-	-	-	-
Totals at historical cost	39,880,676	917,513	-	40,798,189
Land improvements	(972,099)	(39,567)	-	(1,011,666)
Building and improvements	(11,422,109)	(621,069)	-	(12,043,178)
Technology	(2,441,301)	(39,332)	-	(2,480,633)
Vehicles	(2,079,315)	(104,392)	-	(2,183,707)
General equipment	(953,727)	(31,079)	-	(984,806)
Less: accumulated depreciation	(17,868,551)	(835,439)	-	(18,703,990)
Govermental activities, net	$ 22,012,125	$ 82,074	$ -	$ 22,094,199

BUSINESS TYPE ACTIVITIES:	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Food service equipment	710,447	-	-	710,447
Community education equipment	8,596	-	-	8,596
Totals at historical cost	719,043	-	-	719,043
Food service equipment	(670,940)	(19,165)	-	(690,105)
Community education equipment	(8,596)	-	-	(8,596)
Less: accumulated depreciation	(679,536)	(19,165)	-	(698,701)
Business type activities, net	$ 39,507	$ (19,165)	$ -	$ 20,342

Long-Term Debt Activity:

The following is a summary of long-term debt activity for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
School Building Revenue Bonds	$ 12,860,000	$ -	$(1,225,000)	$ 11,635,000	$1,250,000
Deferred amounts:					
Discounts	(112,466)	-	6,950	(105,516)	-
Premiums	80,917	-	(8,721)	72,196	-
	(31,549)	-	(1,771)	(33,320)	-
Total governmental bonds payable	$ 12,828,451	$ -	$(1,226,771)	$ 11,601,680	$1,250,000

Future Budgetary Considerations

In Kentucky, the public schools operate on a July 1st to June 30th fiscal year, other programs such as some federal programs, operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have at least a 2% contingency. The District adopted a budget for fiscal year 2022-23, with a $306,573 or 2.0% contingency. However, current economic conditions are of concern. The local budget contingency includes reserved funds for state economic shortfalls which will be used, if necessary, to protect the current level of direct classroom instruction. The District intends to take a conservative approach to expenditures as it has in the previous years.

District Challenges for the Future

Hancock County School District's overall financial status remains in a safe financial position. The District is financially stable, but at risk due to continued, inadequate state funding. As with the current year, transportation costs for students is a significant financial concern now and in the future. State provided funds are being reduced while most components are increasing. The cost of diesel fuel has varied widely over the past four years and continues to be of concern in the future. The costs of bus purchases will continue to increase due to changes in EPA requirements and the need to continue to replace an aging fleet.

The Commonwealth of Kentucky's financial condition, due to a high inflation economy, will have a significant impact on the availability of funds allocated to public education. The school districts have already experienced reductions in funding and allocation of some expenses that were traditionally paid by the state. Since a large percentage of the District's funding is provided by the State sources, the financial outlook for public schools is dependent upon the State's financial condition and budgetary funds. The outlook for the future years is a major concern for the Board and management.

The financial instability in the state pension fund and the rising retirement/pension costs is a financial risk that is facing Hancock County Schools. No additional state funding has been appropriated to offset this rising cost. There is a need for the District to increase local funding to provide additional revenue to offset this mandated expense increase.

Several new programs have been initiated in the past few years that will continue to impact test scores in a positive manner. However, many of the programs, such as full day kindergarten, expanded pre-school programs, and instructional coaches are not funded by the State budget. The District will again be challenged to fund these important educational programs.

Technology continues to be a major focus as we continue towards our 1:1 initiative and the need to keep pace with an ever-changing technological society. The District Technology Plan will help guide the District's technology decisions. We currently have devices for all instructional staff as well as our third through twelfth grades. The plan objectives, expectations, indicators, targets, and action plans are reviewed and modified in order to accommodate technology changes and/or future funding challenges. This articulates our common vision and identifies strategies for the use of technology in developing critical thinking skills that are essential for academic and workplace success.

Report Purpose and Contact Information

This financial report is designed to provide our citizens, taxpayers, and investors and creditors, with a general overview of the Hancock County School District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, these inquiries should be directed to:

Kara Eckles, Director of Finance
Hancock County Schools
83 State Route 3543
Hawesville, Kentucky 42348
Telephone: 270.927.6914 or Electronic Mail: kara.eckles@hancock.kyschools.us

Hancock County School District
Government-Wide Financial Statements – Statement of Net Position
As of June 30, 2022

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 5,871,902	$ 617,531	$ 6,489,433
Investments	1,353,368	-	1,353,368
Inventory	-	30,395	30,395
Accounts receivable:			
Taxes - current	732,451	-	732,451
Total Current Assets	7,957,721	647,926	8,605,647
Noncurrent Assets:			
Capital assets, net	22,094,199	20,342	22,114,541
Total Assets	30,051,920	668,268	30,720,188
Deferred Outflows of Resources:			
Deferred loss on defeasance of bonds	467,548	-	467,548
Deferred outflows related to retirement plans	2,439,379	79,800	2,519,179
Total Deferred Outflows of Resources	2,906,927	79,800	2,986,727
Total Assets and Deferred Outflows of Resources	$ 32,958,847	$ 748,068	$ 33,706,915
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 278,379	$ -	$ 278,379
Unearned revenue	96,179	-	96,179
Current portion of bond obligations	1,250,000	-	1,250,000
Current portion of accrued sick leave	55,546	-	55,546
Interest payable	103,673	-	103,673
Total Current Liabilities	1,783,777	-	1,783,777
Noncurrent Liabilities:			
Noncurrent portion of bond obligations	10,351,680	-	10,351,680
Net pension liability	6,298,751	282,461	6,581,212
Other postemployment benefits liability	4,545,391	86,283	4,631,674
Noncurrent portion of accrued sick leave	656,736	-	656,736
Total Noncurrent Liabilities	21,852,558	368,744	22,221,302
Total Liabilities	23,636,335	368,744	24,005,079
Deferred Inflows of Resources:			
Deferred inflows related to retirement plans	3,032,783	78,389	3,111,172
Total Deferred Inflows of Resources	3,032,783	78,389	3,111,172
Total Liabilities and Deferred Inflows of Resources	$ 26,669,118	$ 447,133	$ 27,116,251
NET POSITION			
Net investment in capital assets	$ 10,492,519	$ 20,342	$ 10,512,861
Restricted	2,673,038	-	2,673,038
Unrestricted	(6,875,828)	280,593	(6,595,235)
Total Net Position	$ 6,289,729	$ 300,935	$ 6,590,664

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

Hancock County School District
Government-Wide Financial Statements – Statement of Activities
For the fiscal year ended June 30, 2022

		Program Revenues			Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	$ 12,041,036	$ 4,000	$ 3,282,360	$ -	$ (8,754,676)	$ -	$ (8,754,676)
Support services:							
Student	995,758	-	1,181,126	-	185,368	-	185,368
Instruction staff	967,270	-	178,184	-	(789,086)	-	(789,086)
District administrative	674,929	-	67,724	-	(607,205)	-	(607,205)
School administrative	1,102,545	-	1,073,781	-	(28,764)	-	(28,764)
Business	751,720	-	314,491	-	(437,229)	-	(437,229)
Plant operation and maintenance	1,642,248	-	422,469	-	(1,219,779)	-	(1,219,779)
Student transportation	1,819,301	-	404,299	-	(1,415,002)	-	(1,415,002)
Food service	354	-	-	-	(354)	-	(354)
Day care	28,218	-	-	-	(28,218)	-	(28,218)
Community service activities	196,891	-	-	-	(196,891)	-	(196,891)
Interest on long-term debt	369,604	-	-	-	(369,604)	-	(369,604)
Depreciation (unallocated)	835,440	-	-	-	(835,440)	-	(835,440)
Total Governmental Services	21,425,314	4,000	6,924,434	-	(14,496,880)	-	(14,496,880)
Business Type Activities:							
Food service	1,201,681	106,742	1,262,715	-	-	167,776	167,776
Daycare operations	35,644	33,304	-	-	-	(2,340)	(2,340)
Adult education	50	-	-	-	-	(50)	(50)
Total Business Activities	1,237,375	140,046	1,262,715	-	-	165,386	165,386
Total Activities	$ 22,662,689	$ 144,046	$ 8,187,149	$ -			$ (14,331,494)
General Revenues:							
Taxes:							
Property tax					$ 6,423,138	$ -	$ 6,423,138
Motor vehicle tax					333,592	-	333,592
Utility tax					2,235,830	-	2,235,830
Investment earnings					106,248	6,215	112,463
State and formula grants					7,632,286	-	7,632,286
Other local revenues					955,031	-	955,031
Transfers					16,656	(16,656)	-
Disposal of assets					274,684	-	274,684
Total General Revenues					17,977,465	(10,441)	17,967,024
Change in Net Position					3,480,585	154,945	3,635,530
Net Position - Beginning					2,809,144	145,990	2,955,134
Net Position - Ending					$ 6,289,729	$ 300,935	$ 6,590,664

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

Hancock County School District
Balance Sheet – Governmental Funds
As of June 30, 2022

	General Fund	Special Revenue	Construction Fund	FSPK Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND RESOURCES:						
Cash and cash equivalents	$ 3,511,561	$ -	$ 156,861	$ 1,321,414	$ 882,066	$ 5,871,902
Investments	1,353,368	-	-	-	-	1,353,368
Accounts receivable:						
Taxes - current	190,739	541,712	-	-	-	732,451
Due from other funds	445,533	-	-	-	-	445,533
Total Assets and Resources	$ 5,501,201	$ 541,712	$ 156,861	$ 1,321,414	$ 882,066	$ 8,403,254
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	$ 278,379	$ -	$ -	$ -	$ -	$ 278,379
Due to other funds	-	445,533	-	-	-	445,533
Current portion of accumulated sick leave	55,546	-	-	-	-	55,546
Unearned revenue	-	96,179	-	-	-	96,179
Total Liabilities	333,925	541,712	-	-	-	875,637
FUND BALANCES:						
Restricted	312,697	-	156,861	1,321,414	882,066	2,673,038
Committed	769,576	-	-	-	-	769,576
Unassigned	4,085,003	-	-	-	-	4,085,003
Total Fund Balances	5,167,276	-	156,861	1,321,414	882,066	7,527,617
Total Liabilities and Fund Balances	$ 5,501,201	$ 541,712	$ 156,861	$ 1,321,414	$ 882,066	$ 8,403,254

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

Hancock County School District
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
As of June 30, 2022

Total fund balance per fund financial statements		$	7,527,617
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.			
Gross capital assets	40,798,189		
Accumulated depreciation	(18,703,990)		22,094,199
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position, as follows:			
Deferred loss on refunding	467,548		
Net pension liability	(6,298,751)		
Other postemployment benefits liability	(4,545,391)		
Deferred outflows of resources related to retirement plans	2,439,379		
Deferred inflows of resources	(3,032,783)		
Long-term debt	(11,601,680)		
Long-term portion sick leave accrual	(656,736)		
Accrued interest expense	(103,673)		(23,332,087)
Net position for governmental activities		$	6,289,729

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

Hancock County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
As of June 30, 2022

	General Fund	Special Revenue	Construction Fund	FSPK Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
From local sources:						
Taxes:						
Property	$ 5,510,438	$ -	$ -	$ 912,700	$ -	$ 6,423,138
Motor vehicle and watercraft	333,592	-	-	-	-	333,592
Utilities	2,235,830	-	-	-	-	2,235,830
Tuition and fees	4,000	-	-	-	-	4,000
Earnings on investments	106,248	-	-	-	-	106,248
Other local revenues	177,982	88,460	-	-	688,589	955,031
Intergovernmental - intermediate	47,018	-	-	-	-	47,018
Intergovernmental - state	9,862,841	505,152	-	296,914	1,012,430	11,677,337
Intergovernmental - indirect federal	-	2,777,208	-	-	-	2,777,208
Intergovernmental - direct federal	55,157	-	-	-	-	55,157
Total Revenues	18,333,106	3,370,820	-	1,209,614	1,701,019	24,614,559
EXPENDITURES:						
Current:						
Instruction	10,161,226	2,102,162	-	-	555,477	12,818,865
Support services:						
Student	875,287	120,471	-	-	-	995,758
Instruction staff	686,419	335,280	-	-	-	1,021,699
District administrative	674,929	-	-	-	-	674,929
School administrative	1,102,545	-	-	-	-	1,102,545
Business	706,914	44,806	-	-	-	751,720
Plant operation and maintenance	1,628,986	522,613	-	-	-	2,151,599
Student transportation	1,735,221	26,834	-	-	-	1,762,055
Food service	354	-	-	-	-	354
Day care	-	28,218	-	-	-	28,218
Facilities acquisition and construction	-	-	408,162	-	-	408,162
Community service activities	25,605	171,285	-	-	-	196,890
Debt service	-	-	-	-	1,600,404	1,600,404
Total Expenditures	17,597,486	3,351,669	408,162	-	2,155,881	23,513,198
Excess (Deficit) of Revenues Over Expenditures	735,620	19,151	(408,162)	1,209,614	(454,862)	1,101,361
OTHER FINANCING SOURCES (USES):						
Transfers in	175,173	32,656	514,872	-	739,477	1,462,178
Transfers out	(547,528)	(51,807)	(106,710)	(739,477)	-	(1,445,522)
Disposal of assets	274,684	-	-	-	-	274,684
Total Other Financing Sources (Uses)	(97,671)	(19,151)	408,162	(739,477)	739,477	291,340
Change in fund balance	637,949	-	-	470,137	284,615	1,392,701
Fund Balance, Beginning of Year	4,529,327	-	156,861	851,277	597,451	6,134,916
Fund Balance, End of Year	$ 5,167,276	$ -	$ 156,861	$ 1,321,414	$ 882,066	$ 7,527,617

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

Hancock County School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
As of June 30, 2022

Net change in total fund balances per fund financial statements		$ 1,392,701
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources but they are presented as assets in the statement of financial position and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed depreciation expense for the year.		
Depreciation expense	(835,440)	
Capital outlay	917,513	82,073
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		
Amortization of deferred loss on defeaseance	(57,246)	
Bond principal payments	1,225,000	
Change in accrued interest payable	4,029	
Amortization of bond premiums and discounts	1,771	1,173,554
Change in noncurrent portion of accrued sick leave		54,429
Change in interest payable and other item		-
Difference between actuarially determined pension and OPEB expenses and actual contributions to the pension and OPEB plans.		
Actuarially determined pension expense	(1,160,453)	
Actuarially determined OPEB expense	(584,627)	
Actual pension and OPEB contributions	2,522,908	777,828
Change in net position		$ 3,480,585

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

Hancock County School District
Statement of Net Position-Proprietary Funds
As of June 30, 2022

	Food Service Fund	Child Care Fund	Adult Education Fund	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 606,837	$ 9,294	$ 1,400	$ 617,531
Inventory	30,395	-	-	30,395
Total Current Assets	637,232	9,294	1,400	647,926
Noncurrent Assets:				
Capital assets	710,445	-	8,596	719,041
Less: accumulated depreciation	(690,103)	-	(8,596)	(698,699)
Total Noncurrent Assets	20,342	-	-	20,342
Total Assets	657,574	9,294	1,400	668,268
Deferred Outflows of Resources:				
Deferred outflows related to retirement plans	69,530	10,270	-	79,800
Total Deferred Outflows of Resources	69,530	10,270	-	79,800
Total Assets and Deferred Outflows of Resources	$ 727,104	$ 19,564	$ 1,400	$ 748,068
LIABILITIES				
Noncurrent Liabilities:				
Net pension liability	$ 247,233	$ 35,228	$ -	$ 282,461
Other postemployment benefits liability	77,056	9,227	-	86,283
Total Noncurrent Liabilities	324,289	44,455	-	368,744
Total Liabilities	324,289	44,455	-	368,744
Deferred Inflows of Resources:				
Deferred inflows related to retirement plans	72,062	6,327	-	78,389
Total Deferred Inflows of Resources	72,062	6,327	-	78,389
Total Liabilities and Deferred Inflows of Resources	$ 396,351	$ 50,782	$ -	$ 447,133
NET POSITION:				
Investment in capital assets	20,342	-	-	20,342
Unrestricted	310,411	(31,218)	1,400	280,593
Net Position	330,753	(31,218)	1,400	300,935
Total Liabilities and Net Position	$ 727,104	$ 19,564	$ 1,400	$ 748,068

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

Hancock County School District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the fiscal year ended June 30, 2022

	Food Service Fund	Child Care Fund	Adult Education Fund	Total
OPERATING REVENUES:				
Lunchroom sales	$ 90,966	$ -	$ -	$ 90,966
Other operating revenues	15,776	33,304	-	49,080
Total Operating Revenues	106,742	33,304	-	140,046
OPERATING EXPENSES:				
Salaries and wages	421,550	18,962	-	440,512
Materials and supplies	760,964	-	-	760,964
Depreciation	19,167	-	-	19,167
Other operating expenses	-	16,682	50	16,732
Total Operating Expenses	1,201,681	35,644	50	1,237,375
Operating Profit (Loss)	(1,094,939)	(2,340)	(50)	(1,097,329)
NON-OPERATING REVENUES:				
Federal grants	1,170,273	-	-	1,170,273
Donated commodities	10,497	-	-	10,497
State grants	81,945	-	-	81,945
Interest income	6,215	-	-	6,215
Total Non-Operating Revenues	1,268,930	-	-	1,268,930
Income before transfers	173,991	(2,340)	(50)	171,601
Transfers				
Transfers out	(16,656)	-	-	(16,656)
Change in net position	157,335	(2,340)	(50)	154,945
Net position, beginning of year	173,418	(28,878)	1,450	145,990
Net position, end of year	$ 330,753	$ (31,218)	$ 1,400	$ 300,935

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

Hancock County School District
Statement of Cash Flows – Proprietary Funds
For the fiscal year ended June 30, 2022

	Service Fund	Care Fund	Education Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from:				
Lunchroom sales	$ 90,966	$ -	$ -	$ 90,966
Other activities	15,776	33,304	-	49,080
Cash payments for:				
Employees	(555,195)	(19,434)	-	(574,629)
Supplies	(636,042)	-	-	(636,042)
Other operating expenses	-	(16,682)	(50)	(16,732)
Net Cash Provided (Used) In Operating Activities	(1,084,495)	(2,812)	(50)	(1,087,357)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers out	(16,656)	-	-	(16,656)
Cash received for operating grants	1,262,715	-	-	1,262,715
Net Cash Provided By Non-Capital Financing Activities	1,246,059	-	-	1,246,059
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	6,215	-	-	6,215
Net Cash Provided In Capital Financing Activities	6,215	-	-	6,215
Net Increase (Decrease) In Cash And Cash Equivalents	167,779	(2,812)	(50)	164,917
Cash and Cash Equivalents, Beginning of Year	439,058	12,106	1,450	452,614
Cash and Cash Equivalents, End of Year	$ 606,837	$ 9,294	$ 1,400	$ 617,531

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

Hancock County School District
Statement of Cash Flows – Proprietary Funds, Continued
For the fiscal year ended June 30, 2022

	Food Service Fund	Child Care Fund	Adult Education Fund	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating income (loss)	$ (1,094,939)	$ (2,340)	$ (50)	$ (1,097,329)
ADJUSTMENTS TO RECONCILE OPERATING INCOME/(LOSS) TO NET CASH PROVIDED IN OPERATING ACTIVITIES:				
Net Pension and OPEB Related Items	(8,723)	(472)	-	(9,195)
Depreciation	19,167	-	-	19,167
Net Cash Provided (Used) In Operating Activities	$ (1,084,495)	$ (2,812)	$ (50)	$ (1,087,357)
SCHEDULE OF NON-CASH FINANCING ACTIVITIES:				
Donated commodities received from federal government	$ 10,497	$ -	$ -	$ 10,497

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

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The District, for financial purposes, includes all the funds and account groups relevant to the operation of the Hancock County Board of Education. The financial statements presented herein do not include funds of groups or organizations, which although associated with the school system, have not originated with the Board itself such as band boosters, parent-teacher associations, etc.

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

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

BASIS OF PRESENTATION

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

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

The District has the following funds:

I) Government Fund Types

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

B) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as 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 which is reported separately. This is a major fund of the District.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

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

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 for the payment of interest on general obligation notes payable, as required by Kentucky Law.

E) The District 21 Revenue Fund is used to hold monies transferred from school activity funds to be spent for the purpose of allowable student activities.

F) The Student Activities 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.

II) Proprietary Fund Types (Enterprise Funds)

A) The Food Service Fund is used to account for school food service activities, including the National School Lunch Program which is conducted in cooperation with the U. S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contributions of commodities from the USDA.

B) The Day Care Center Fund is used to account for all day care centers.

C) The Adult Education Fund is used for adult education.

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

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

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

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

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

PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were $.635 per $100 valuation for real property, $.635 per $100 valuation for business personal property and $.40 per $100 valuation for motor vehicles.

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

CAPITAL ASSETS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

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

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

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

INTER-FUND BALANCES

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

ACCUMULATED UNPAID SICK LEAVE BENEFITS

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCUMULATED UNPAID SICK LEAVE BENEFITS (CONTINUED)

For governmental fund financial statements the current portion of unpaid sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund.

BUDGETARY PROCESS

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis as per Generally Accepted Accounting Principles (GAAP).

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

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

CASH AND CASH EQUIVALENTS-INVESTMENTS

The District considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents. Certificate of deposits with a maturity in excess of 90 days are classified as investments. The District complies with KRS 66.480.

INVENTORIES

On government-wide financial statements, inventories are stated at cost and are expensed when used.

On fund financial statements, inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The Food Service Fund uses the specific identification method.

PREPAID ASSETS

Payments made that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which the services are consumed.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

GASB STATEMENT NO. 87-*Lease Accounting*

The District has implemented this statement in the current year's financial statements. The adoption of the pronouncement had no material impact on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (CONTINUED)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources.

In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

FUND BALANCES

In accordance with Governmental Accounting Standards No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, the District classifies fund balances as follows:

Non-spendable - Includes fund balance amounts which are not in spendable form or because of legal or contractual requirements.

Restricted - Includes fund balance amounts that are constrained for a specific purpose which are externally imposed by providers, such as creditors, or due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority.

Assigned - Includes fund balance amounts that are to be used for a specific purpose that are neither considered to be restricted or committed, but rather assigned by the Deputy Superintendent of Finance or the Superintendent.

Unassigned - Includes positive fund balances within the General Fund which have not been classified in any of the above mentioned categories.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds, and then unassigned funds.

STATEMENT OF NET POSITION

Net position represents the difference between assets and liabilities. The District classifies its net position into the following three categories:

- Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets

- Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF NET POSITION (CONTINUED)

- Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

OPERATING REVENUES AND EXPENSES

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

INTER-FUND ACTIVITIES

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

USE OF ESTIMATES

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

PENSION BENEFITS

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 positions of the Teachers' Retirement System of the Commonwealth of Kentucky (KTRS) and the County Employees' Retirement System (CERS), and additions to/deductions from KTRS and CERS' fiduciary net positions have been determined on the same basis as they are reported by KTRS and CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Custodial Credit Risk

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).

NOTE 2 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's cash and cash equivalents was $6,489,433. Of the total cash balance, $250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less. This analysis includes the certificate of deposit classified as an investment (See Note 3).

Cash and cash equivalents consisted of the following as of June 30, 2022:

Financial Institution:		
First Financial Bank	$	7,842,801
Allocation per Financial Statements:		
Governmental Funds	$	7,225,270
Business Type Funds		617,531
Totals	$	7,842,801

NOTE 3- INVESTMENTS

The District categorizes its fair value measurements with the fair value hierarchy by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 assets are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments of the District consisted of the following as of June 30, 2022:

	June 30, 2022	Level 1	Level 2	Level 3
3% Certificate of Deposit issued September 2019 maturing September 2024	$ 1,353,368	$ -	$ 1,353,368	$ -

Interest Rate Risk- The District does not have a formal investment policy that limits investment maturities as a means of managing its fair value losses arising from exposure to increasing interest rates.

Credit Risk- Kentucky law limits the types of investments in which the District may invest funds. The District believes it is in compliance with Kentucky law.

NOTE 3- INVESTMENTS, continued

Concentration of Credit Risk- The District only invests excess funds in certificates of deposit which are fully secured by pledged collateral by its financial institution in the form of U.S Treasury or Agency securities.

Custodial Credit Risk- Custodial credit risk is the risk that in the event of the financial failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Certificates of deposit are secured by pledged collateral in the form of U.S. Treasury or Agency securities.

NOTE 4 – CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES:	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Land	$ 285,807	$ -	$ -	$ 285,807
Land improvements	1,170,542	-	-	1,170,542
Building and improvements	32,347,794	30,647	-	32,378,441
Technology	2,448,071	518,936	-	2,967,007
Vehicles	2,506,321	126,738	-	2,633,059
General equipment	1,122,141	241,192	-	1,363,333
Construction in progress	-	-	-	-
Totals at historical cost	39,880,676	917,513	-	40,798,189
Land improvements	(972,099)	(39,567)	-	(1,011,666)
Building and improvements	(11,422,109)	(621,069)	-	(12,043,178)
Technology	(2,441,301)	(39,332)	-	(2,480,633)
Vehicles	(2,079,315)	(104,392)	-	(2,183,707)
General equipment	(953,727)	(31,079)	-	(984,806)
Less: accumulated depreciation	(17,868,551)	(835,439)	-	(18,703,990)
Govermental activities, net	$ 22,012,125	$ 82,074	$ -	$ 22,094,199

BUSINESS TYPE ACTIVITIES:	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Food service equipment	710,447	-	-	710,447
Community education equipment	8,596	-	-	8,596
Totals at historical cost	719,043	-	-	719,043
Food service equipment	(670,940)	(19,165)	-	(690,105)
Community education equipment	(8,596)	-	-	(8,596)
Less: accumulated depreciation	(679,536)	(19,165)	-	(698,701)
Business type activities, net	$ 39,507	$ (19,165)	$ -	$ 20,342

Depreciation expenses were not allocated to governmental functions. It appears on the statement of activities as “unallocated.”

NOTE 5– BONDED DEBT OBLIGATIONS

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

Issue Date	Issue Name	Original Amount	Interest Rate	Maturity Date
2011	Hancock CSD Revenue Bonds 2011	$ 675,000	3.76%	2031
2012	Hancock CSD Refunding Revenue Bonds 2012R	$ 8,010,000	0.75% - 2.00%	2024
2013	Hancock CSD Refunding Revenue Bonds 2013R	$ 975,000	0.70%	2019
2014	Hancock CSD Refunding Revenue Bonds 2014	$ 480,000	0.55% - 4.00%	2034
2015	Hancock CSD Revenue Bonds 2015	$ 1,235,000	2.10% - 3.35%	2035
2016	Hancock CSD Refunding Revenue Bonds 2016	$ 4,415,000	0.55% - 3.00%	2029
2018	Hancock CSD School Building Revenue Bonds 2018	$ 5,090,000	1.75% - 3.70%	2038

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Hancock County Board of Education Finance Corporation to construct school facilities. The District has an option to purchase the property at any time by retiring the bonds then outstanding.

In connection with the school revenue bonds the District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table on the follow page sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The District's outstanding bond from direct borrowings related to governmental activities contain a provision that in an event of default, outstanding amounts become due immediately in the event the District is unable to make payments.

NOTE 5 – BONDED DEBT OBLIGATIONS (CONTINUED)

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming they are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022, for debt service (principal and interest) are as follows:

Fiscal Year	Hancock County School District Principal	Hancock County School District Interest	Kentucky School Facility Construction Commission Principal	Kentucky School Facility Construction Commission Interest	Totals Principal	Totals Interest
2022-23	$ 512,057	$ 225,078	$ 737,943	$ 123,983	$ 1,250,000	$ 349,061
2023-24	524,595	213,359	755,405	105,523	1,280,000	318,882
2024-25	550,254	196,821	284,746	87,193	835,000	284,014
2025-26	562,411	183,016	292,589	79,350	855,000	262,366
2026-27	572,886	165,786	302,114	69,825	875,000	235,611
2027-28	594,908	148,269	290,092	60,412	885,000	208,681
2028-29	453,097	132,549	216,903	52,262	670,000	184,811
2029-30	475,817	118,429	224,183	44,981	700,000	163,410
2030-31	302,245	106,382	202,755	37,662	505,000	144,044
2031-32	312,570	96,580	162,430	30,629	475,000	127,209
2032-33	323,985	86,236	166,015	25,029	490,000	111,265
2033-34	342,374	74,980	172,626	19,354	515,000	94,334
2034-35	350,230	62,859	144,770	13,172	495,000	76,031
2035-36	368,440	50,052	61,560	8,283	430,000	58,335
2036-37	379,993	36,487	65,007	5,989	445,000	42,476
2037-38	389,739	22,389	70,261	3,511	460,000	25,900
2038-39	410,246	7,590	59,754	1,105.00	470,000	8,695
Totals	$ 7,425,847	$ 1,926,862	$ 4,209,153	$ 768,263	$ 11,635,000	$ 2,695,125

A summary of changes in long-term debt during the fiscal year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
School Building Revenue Bonds	$ 12,860,000	$ -	$(1,225,000)	$ 11,635,000	$1,250,000
Deferred amounts:					
Discounts	(112,466)	-	6,950	(105,516)	-
Premiums	80,917	-	(8,721)	72,196	-
	(31,549)	-	(1,771)	(33,320)	-
Total governmental bonds payable	$ 12,828,451	$ -	$(1,226,771)	$ 11,601,680	$1,250,000

NOTE 6 – ACCRUED SICK LEAVE

In accordance with generally accepted governmental accounting principles, the District has recorded accrued sick leave as a liability in the District-wide statement of net position since the majority of these liabilities are not expected to be liquidated with expendable available financial resources. Accrued sick leave, which has no maximum accumulation, is payable upon retirement at 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. Compensated absences are generally liquidated by the General Fund.

A summary of the changes in accumulated sick leave benefits during the fiscal year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Accrued Sick Leave	$ 769,576	$ 110,290	(167,584)	$ 712,282	$ 55,546

NOTE 7 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2022:

	General Fund	Special Revenue	Construction Fund	FSPK Fund	SEEK Capital Outlay Fund	Student Activity Fund	District 21 Activity Fund	Totals
RESTRICTED:								
Construction	$ 312,697	$ -	$ 156,861	$ 1,321,414	$ 427,428	$ -	$ -	$ 2,218,400
Student activities	-	-	-	-	-	417,622	37,016	454,638
Total Restricted	312,697	-	156,861	1,321,414	427,428	417,622	37,016	2,673,038
COMMITTED:								
Sick leave	769,576	-	-	-	-	-	-	769,576
UNASSIGNED:	4,085,003	-	-	-	-	-	-	4,085,003
Total Fund Balances	$ 5,167,276	$ -	$ 156,861	$ 1,321,414	$ 427,428	$ 417,622	$ 37,016	$ 7,527,617

NOTE 8 – RETIREMENT PLANS

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.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Pension Plan (continued)

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	29,998,251
Total	$ 29,998,251

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 0.00 percent, which was unchanged from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $2,394,557 and revenue of $2,394,557 for support provided by the State.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Pension Plan (continued)

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.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Pension Plan (continued)

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 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 Plans

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:

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

General Information about the OPEB Plans (continued)

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 $237,806.

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 $2,656,000 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 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 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 0.123779 percent, which was a decrease of 0.002910 percent from its proportion measured as of June 30, 2020.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

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	$ 2,656,000
State's proportionate share of the net OPEB liability associated with the District	2,157,000
Total	$ 4,813,000

For the year ended June 30, 2022, the District recognized negative OPEB expense of $(135,049) and revenue of $178,431 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	$ -	$ 871,000
Changes of assumptions	384,000	-
Net difference between projected and actual investment earnings on pension plan investments	-	156,000
Changes in proportion and differences between District contributions and proportional share of contributions	20,000	91,000
District contributions subsequent to the measurement date	237,806	-
Total	$ 641,806	$ 1,118,000

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:

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

Year ended June 30:	Amount
2023	$ (177,000)
2024	(178,000)
2025	(167,000)
2026	(149,000)
2027	(43,000)
Thereafter	-

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
Healthcare Trend Rates	
Pre-65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Post-65	5.00% for FYE 2022* decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 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 claims costs were included with experience in the total OPEB roll forward.

NOTE 8– RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

	1.00% Decrease (6.10%)	**Current Discount Rate (7.10%)**	**1.00% Increase (8.10)**
District's proportionate share of the collective net OPEB liability as of June 30, 2021	$ 3,400,000	$ 2,656,000	$ 2,041,000

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Medical Insurance Plan (continued)

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

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
District's proportionate share of the collective net OPEB liability as of June 30, 2021	$ 1,930,000	$ 2,656,000	$ 3,560,000

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 did not report a liability 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.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Life Insurance Plan (continued)

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		29,000
Total	$	29,000

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 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 0.00 percent, which was unchanged from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of $4,394 and revenue of $4,394 for support provided by the State.

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 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.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the Commonwealth of Kentucky (continued)

Life Insurance Plan (continued)

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	(0.10)%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	(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.

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.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System

General Information about the Pension Plan

Plan description: Substantially all other employees (classified personnel) 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 Pensions 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 Kentucky Retirement Systems 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 percent 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 percent. 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 percent of their annual creditable compensation, whiles 1 percent 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 percent. 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 percent 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 percent of their annual creditable compensation, and an additional 1 percent 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 member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

Pension Plan (continued)

Interest is paid into the Tier 3 member's account. The account currently earns 4 percent 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 percent. 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 percent, then the member's account will be credited with 75 percent of the amount of the returns over 4 percent 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 percent 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 $610,203 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $6,581,212 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 0.103222 percent, which was a decrease of 0.002396 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $409,164. Total pension expense for all plans was $2,803,721 with revenue of $2,394,557 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:

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

Pension Plan (continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 75,573	$ 63,875
Changes of assumptions	88,328	-
Net difference between projected and actual investment earnings on pension plan investments	-	877,165
Changes in proportion and differences between District contributions and proportional share of contributions	30,906	98,794
District contributions subsequent to the measurement date	610,203	n/a
Total	$ 805,010	$ 1,039,834

Of the total amount reported as deferred outflows of resources related to pensions, 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:	Amount
2023	$ (116,286)
2024	(253,455)
2025	(200,605)
2026	(274,681)
2027	-
Thereafter	-

Actuarial assumptions: The Kentucky Retirement Systems 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 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
Investment Rate of Return	6.25%, including inflation

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)
Pension Plan (continued)

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 percent 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	10.50%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Expected Real Return	**100.00%**	**5.00%**
Long Term Inflation Assumption		**2.30%**
Expected Nominal Return on Portfolio		**7.30%**

Discount rate: The projection of cash flows used to determine the discount rate of 6.25 percent 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 percent, 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 percent) or one percentage point higher (7.25 percent) than the current rate:

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

Pension Plan (continued)

	1.00% Decrease (5.25%)	Current Discount Rate (6.25%)	1.00% Increase (7.25%)
District's proportionate share of the collective net pension liability as of June 30, 2021	$ 8,440,717	$ 6,581,212	$ 5,042,516

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.

The District also offers employees the option to participate in a defined contribution plan under Section 403(b) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amounts allowable by law. The District does not contribute to these plans.

General Information about the OPEB Plan

Plan description: In addition to the pension benefits described above, 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). 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%

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)

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 percent 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 $166,602 for the year ended June 30, 2022, which does not include implicit subsidies reported in the amount of $65,008. As described above, Tier 2 and Tier 3 employees contribute 1 percent 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 $1,975,674 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 0.103198 percent, which was a decrease of 0.002390 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of $131,908. Total OPEB expense for all plans was $1,253 with revenue of $182,825 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:

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 310,675	$ 589,871
Changes of assumptions	523,789	1,837
Net difference between projected and actual investment earnings on pension plan investments	-	309,067
Changes in proportion and differences between District contributions and proportional share of contributions	6,289	52,563
Implicit subsidy	65,008	n/a
District contributions subsequent to the measurement date	166,602	n/a
Total	$ 1,072,363	$ 953,338

Of the total amount reported as deferred outflows of resources related to OPEB, the implicit subsidy and 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:	Amount
2023	$ 37,725
2024	(9,215)
2025	(14,282)
2026	(126,813)
2027	-
Thereafter	-

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)

Actuarial assumptions: The Kentucky Retirement Systems 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
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 percent 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%
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%**

NOTE 8 – RETIREMENT PLANS (CONTINUED)

County Employees' Retirement System (continued)

OPEB Plan (continued)
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: A single discount rate of 5.20% was 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 percent, and a municipal bond rate of 1.92 percent, 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 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 (4.20 percent) or one percentage point higher (6.20 percent) than the current rate:

	1.00% Decrease (4.20%)	Current Discount Rate (5.20%)	1.00% Increase (6.20%)
District's proportionate share of the collective net OPEB liability as of June 30, 2021	$ 2,712,586	$ 1,975,674	$ 1,370,916

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:

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
District's proportionate share of the collective net OPEB liability as of June 30, 2021	$ 1,422,251	$ 1,975,674	$ 2,643,665

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

NOTE 9 – CONTINGENCIES

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

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

NOTE 10 – RISK MANAGEMENT

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

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. The public entity risk pools operate as common risk management and insurance programs for all school district and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the members on a pro-rata basis.

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

NOTE 11 – COBRA

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

NOTE 12 – TRANSFER OF FUNDS

The following transfers were made during the fiscal year ended June 30, 2022:

From:	To:	Amount	Net Transfers
General Fund	Special Revenue	$ 32,656	$ -
General Fund	Construction	514,872	-
FSPK	Debt Service	739,477	-
Construction Fund	General Fund	106,710	-
Special Revenue	General Fund	51,807	-
Food Service	General Fund	16,656	16,656
		$ 1,462,178	$ 16,656

All Transfers were made based on cash available to each fund at the time of the transfer. The typical use of each transfer was for construction, payroll, or debt service.

There is an interfund receivable between the Special Revenue Fund and the General Fund in the amount of $445,533. This exists due to the fact General Fund cash was used to pay expenses for the Special Revenue Fund

NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits, technology, and bond debt from the Commonwealth of Kentucky. The following amounts are included as revenues and expenses/expenditures on the statement of activities, and the statement of revenues, expenditures, and changes in fund balances - governmental funds, and the statement of revenues, expenses, and changes in net position - proprietary funds:

Retirement Contributions to the Teachers' Retirement System of Kentucky	$ 2,577,382
Health Insurance	1,651,748
Life Insurance	3,051
Health Reimbursement Account - HRA/Dental/Vision	187,139
Administrative Fee	24,416
Less: Federal Reimbursements of Health Benefits	(133,454)
Total On-Behalf Payments for Fringe Benefits	4,310,282
Technology On-Behalf Payments	96,483
School Facilities Construction Commission (SFCC) Debt Service	860,927
Total On-Behalf Payments	$ 5,267,692

NOTE 14 – LITIGATION

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

NOTE 15 –IMPLEMENTATION OF GASB NO. 87

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 16 – SUBSEQUENT EVENTS

In accordance with ASC 855, subsequent events were evaluated through November 11, 2022, the date these financial statements were available to be issued.

Hancock County Board of Education
Statement of Budgetary Comparison – General Fund
For the fiscal year ended June 30, 2022

	BUDGETED AMOUNTS Original	BUDGETED AMOUNTS Final	Actual	Variance with Final Budget
REVENUES:				
From local sources				
Taxes:				
Property	$4,985,000	$ 4,985,000	$ 5,510,438	$ 525,438
Motor vehicle and watercraft	400,000	400,000	333,592	(66,408)
Utilities	1,200,000	1,200,000	2,235,830	1,035,830
Tution and fees	4,000	4,000	4,000	-
Earnings on investments	84,000	84,000	106,248	22,248
Other local revenues	249,018	249,018	177,982	(71,036)
Intergovernmental - intermediate	-	-	47,018	47,018
Intergovernmental - state	4,209,009	4,209,009	9,862,841	5,653,832
Intergovernmental - direct federal	25,000	25,000	55,157	30,157
Total Revenues	11,156,027	11,156,027	18,333,106	7,177,079
EXPENDITURES:				
Instruction	7,335,812	7,335,812	10,161,226	(2,825,414)
Support services:				
Student	670,777	670,777	875,287	(204,510)
Instruction staff	638,137	638,137	686,419	(48,282)
District administrative	748,808	748,808	674,929	73,879
School administrative	994,013	994,013	1,102,545	(108,532)
Business	487,011	487,011	706,914	(219,903)
Plant operation & maintenance	1,607,478	1,607,478	1,628,986	(21,508)
Student transportation	1,716,800	1,716,800	1,735,221	(18,421)
Community services	25,646	25,646	25,605	41
Food service	300	300	354	(54)
Land improvements	70,000	70,000	-	70,000
Contingency	306,573	306,573	-	306,573
Total Expenditures	14,601,355	14,601,355	17,597,486	(2,996,131)
Excess (Deficit) of Revenues Over Expenditures	(3,445,328)	(3,445,328)	735,620	4,180,948
OTHER FINANCING SOURSES (USES):				
Transfers in	468,688	178,075	175,173	(2,902)
Transfers out	(373,360)	(373,360)	(547,528)	(174,168)
Capital Asset Disposal	-	-	274,684	274,684
Total Other Financing Sources (Uses)	95,328	(195,285)	(97,671)	97,614
Change in fund balance	(3,350,000)	(3,640,613)	637,949	4,278,562
Fund Balance, Beginning of Year	3,350,000	3,350,000	4,529,327	1,179,327
Fund Balance, End of Year	$ -	$ (290,613)	$ 5,167,276	$ 5,457,889

See Independent Auditor’s Report.

Hancock County Board of Education
Statement of Budgetary Comparison – Special Revenue Fund
For the fiscal year ended June 30, 2022

	BUDGETED AMOUNTS			
	Original	Final	Actual	Variance with Final Budget
REVENUES:				
Other local revenues	$ -	$ -	$ 88,460	$ 88,460
Intergovernmental - state	582,552	582,552	505,152	(77,400)
Intergovernmental - federal	3,809,657	3,809,657	2,777,208	(1,032,449)
Total Revenues	4,392,209	4,392,209	3,370,820	(1,021,389)
EXPENDITURES:				
Instruction	3,028,676	3,028,676	2,102,162	926,514
Support services:				
Student	104,294	104,294	120,471	(16,177)
Instruction staff	223,446	223,446	335,280	(111,834)
School administrative	403,236	403,236	-	403,236
Plant operations and maintenance	-	-	522,613	(522,613)
Business	149,643	149,643	44,806	104,837
Student transportation	10,780	10,780	26,834	(16,054)
Day care	-	-	28,218	(28,218)
Community services	170,949	170,949	171,285	(336)
Total Expenditures	4,091,024	4,091,024	3,351,669	739,355
Excess (Deficit) of Revenues Over Expenditures	301,185	301,185	19,151	(282,034)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	32,656	32,656
Transfers out	(301,185)	(301,185)	(51,807)	249,378
Total Other Financing Sources	(301,185)	(301,185)	(19,151)	282,034
Change in fund balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -

See Independent Auditor's Report.

Hancock County Board of Education
Schedule of the District's Proportionate Share of the Collective Net Pension Liability
Kentucky Teachers' Retirement System Pension Plan
As of the measurement date for the last ten years*

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportion of the collective net pension liability associated with the District	0.2305%	0.2348%	0.2384%	0.2431%	0.2456%	0.2443%	0.2425%	0.2309%
State's proportionate share of the collective net pension liability associated with the District	29,998,251	33,284,537	32,528,414	31,835,016	66,273,667	72,079,974	56,460,482	47,456,512
Total	$ 29,998,251	$ 33,284,537	$ 32,528,414	$ 31,835,016	$ 66,273,667	$ 72,079,974	$ 56,460,482	$ 47,456,512
District's covered-employee payroll	$ 7,299,407	$ 7,458,078	$ 7,409,813	$ 7,363,018	$ 6,959,652	$ 6,350,600	$ 5,900,599	$ 5,481,340
District's proportionate share of the collective net pension liability 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%	39.80%	35.20%	42.50%	45.59%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's Pension Contributions
Kentucky Teachers' Retirement System Pension Plan
For the last ten fiscal years*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the statutorily required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 7,926,785	$ 7,299,407	$ 7,458,078	$ 7,409,813	$ 7,363,018	$ 6,959,652	$ 6,350,600	$ 5,900,599
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability
Kentucky Teachers' Retirement System Medical Insurance Plan
As of the measurement date for the last ten years*

	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.123779%	0.126689%	0.127662%	0.125901%	0.130107%
District's proportionate share of the collective net OPEB liability	$ 2,656,000	$ 3,197,000	$ 3,736,000	$ 4,368,000	$ 4,639,000
State's proportion of the collective net OPEB liability associated with the District	0.100524%	0.101483%	0.103096%	0.108501%	0.106278%
State's proportionate share of the collective net OPEB liability associated with the District	2,157,000	2,561,000	3,017,000	3,765,000	3,790,000
Total	$ 4,813,000	$ 5,758,000	$ 6,753,000	$ 8,133,000	$ 8,429,000
District's covered-employee payroll	$ 7,299,407	$ 7,458,078	$ 7,409,813	$ 7,363,018	$ 6,959,652
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	36.39%	42.87%	50.42%	59.32%	66.66%
Plan fiduciary net position as a percentage of the total OPEB liability	51.74%	39.05%	32.58%	25.50%	21.20%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's OPEB Contributions
Kentucky Teachers' Retirement System Medical Insurance Plan
For the last ten fiscal years*

	2022	2021	2020	2019	2018
Statutorily required contribution	$ 237,806	$ 218,981	$ 223,742	$ 222,294	$ 220,890
Contributions in relation to the statutorily required contribution	(237,806)	(218,981)	(223,742)	(222,294)	(220,890)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 7,926,785	$ 7,299,407	$ 7,458,078	$ 7,409,813	$ 7,363,018
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability
Kentucky Teachers' Retirement System Life Insurance Plan
As of the measurement date for the last ten years*

	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net OPEB liability	$ -	$ -	$ -	$ -	$ -
State's proportion of the collective net OPEB liability associated with the District	0.219277%	0.223115%	0.225604%	0.229091%	0.231005%
State's proportionate share of the collective net OPEB liability associated with the District	29,000	77,000	70,000	65,000	51,000
Total	$ 29,000	$ 77,000	$ 70,000	$ 65,000	$ 51,000
District's covered-employee payroll	$ 7,299,407	$ 7,458,078	$ 7,409,813	$ 7,363,018	$ 6,959,652
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	89.15%	71.57%	73.40%	75.00%	80.00%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's OPEB Contributions
Kentucky Teachers' Retirement System Life Insurance Plan
For the last ten fiscal years*

	2022	2021	2020	2019	2018
Statutorily required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the statutorily required contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 7,926,785	$ 7,299,407	$ 7,458,078	$ 7,409,813	$ 7,363,018
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's Proportionate Share of the Collective Net Pension Liability
County Employees' Retirement System Pension Plan
As of the measurement date for the last ten years*

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.103222%	0.105618%	0.104582%	0.104937%	0.104556%	0.101102%	0.104504%	0.103942%
District's proportionate share of the collective net pension liability	$ 6,581,212	$ 8,100,813	$ 7,355,299	$ 6,390,983	$ 6,119,984	$ 4,977,871	$ 4,493,176	$ 3,372,000
District's covered-employee payroll	$ 2,638,236	$ 2,708,282	$ 2,637,954	$ 2,600,855	$ 2,544,593	$ 2,526,377	$ 2,548,325	$ 2,384,589
District's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	249.46%	299.11%	278.83%	245.73%	240.51%	197.04%	176.32%	141.41%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's Pension Contributions
County Employees' Retirement System Pension Plan
For the last ten fiscal years*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 610,203	$ 509,181	$ 522,700	$ 427,826	$ 376,604	$ 354,971	$ 313,776	$ 324,911
Contributions in relation to the statutorily required contribution	(610,203)	(509,181)	(522,700)	(427,826)	(376,604)	(354,971)	(313,776)	(324,911)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,882,392	$ 2,638,236	$ 2,708,282	$ 2,637,954	$ 2,600,855	$ 2,544,593	$ 2,526,377	$ 2,548,325
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability
County Employees' Retirement System OPEB Plan
As of the measurement date for the last ten years*

	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.103198%	0.105588%	0.104555%	0.104933%	0.104556%
District's proportionate share of the collective net OPEB liability	$ 1,975,674	$ 2,549,629	$ 1,758,568	$ 1,863,065	$ 2,101,933
District's covered-employee payroll	$ 2,638,236	$ 2,708,282	$ 2,637,954	$ 2,600,855	$ 2,544,593
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	74.89%	94.14%	66.66%	71.63%	82.60%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.93%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Hancock County Board of Education
Schedule of the District's OPEB Contributions
County Employees' Retirement System OPEB Plan
For the last ten fiscal years*

	2022	2021	2020	2019	2018
Statutorily required contribution	$ 166,602	$ 125,580	$ 128,914	$ 138,756	$ 122,240
Contributions in relation to the statutorily required contribution	(166,602)	(125,580)	(128,914)	(138,756)	(122,240)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,882,392	$ 2,638,236	$ 2,708,282	$ 2,637,954	$ 2,600,855
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%

*This table will present ten years of information as it becomes available.

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 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.

Kentucky Teachers' Retirement System (continued)

Medical Insurance Plan (continued)

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.

County Employees' Retirement System

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.

County Employees' Retirement System

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.

Hancock County Board of Education
Combining Balance Sheet – Non-Major Governmental Funds
As of June 30, 2022

	SEEK Capital Outlay Fund	Debt Service Fund	District 21 Activity Fund	Student Activity Fund	Total Non-Major Governmental Funds
ASSETS AND RESOURCES:					
Cash and cash equivalents	$ 427,428	$ -	$ 37,016	$ 417,622	$ 882,066
Total Assets and Resources	$ 427,428	-	$ 37,016	$ 417,622	$ 882,066
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-
FUND BALANCES:					
Restricted	427,428	-	37,016	417,622	882,066
Total Fund Balances	427,428	-	37,016	417,622	882,066
Total Liabilities and Fund Balances	$ 427,428	$ -	$ 37,016	$ 417,622	$ 882,066

See Independent Auditor's Report.

Hancock County Board of Education
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
For the fiscal year ended June 30, 2022

	SEEK Capital Outlay Fund	Debt Service Fund	District 21 Activity Fund	Student Activity Fund	Total Non-major Governmental Funds
REVENUES:					
From local sources:					
Other	$ -	$ -	$ 13,217	$ 675,372	$ 688,589
Earnings on investments	-	-	-	-	-
Intergovernmental - State	151,503	860,927	-	-	1,012,430
Total Revenues	151,503	860,927	13,217	675,372	1,701,019
EXPENDITURES:					
Instruction	-	-	4,276	551,201	555,477
Debt service	-	1,600,404	-	-	1,600,404
Total Expenditures	-	1,600,404	4,276	551,201	2,155,881
Excess (Deficiency) of Revenues Over Expenditures	151,503	(739,477)	8,941	124,171	(454,862)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	739,477	-	-	739,477
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	739,477	-	-	739,477
Change in fund balance	151,503	-	8,941	124,171	284,615
Fund balance, beginning of year	275,925	-	28,075	293,451	597,451
Fund balance, end of year	$ 427,428	$ -	$ 37,016	$ 417,622	$ 882,066

See Independent Auditor’s Report.

Hancock County Board of Education
Statement of Receipts, Expenditures, and Fund Balance
Elementary and Middle Schools – Activity Funds
For the fiscal year ended June 30, 2022

	Cash Balance July 1, 2021	Receipts For Year	Disbursements For Year	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
SCHOOL ACTIVITY FUNDS:							
Hancock Middle School	$ 75,392	$ 119,539	$ 100,971	$ 93,960	$ -	$ -	$ 93,960
North Hancock Elementary	44,989	89,013	52,165	81,837	-	-	81,837
South Hancock Elementary	13,981	39,498	31,831	21,648	-	-	21,648
Totals	$ 134,362	$ 248,050	$ 184,967	$ 197,445	$ -	$ -	$ 197,445

See Independent Auditor's Report.

Hancock County Board of Education
Statement of Receipts, Expenditures, and Fund Balance
Hancock County High School – Activity Funds
For the fiscal year ended June 30, 2022

Accounts	Cash Balance July 1, 2021	Receipts For Year	Disbursements For Year	Cash Balance	Transfer In/(Out)	Fund Balance June 30, 2022
Hancock County High School:						
General	$ 13,844	$ 47,142	$ (45,868)	$ 15,118	$ 6,464	$ 21,582
Athletic	106,129	213,204	(202,252)	117,081	(192)	116,889
Clubs	26,685	132,420	(92,238)	66,867	(5,071)	61,796
Scholarship Funds	3,353	10,481	(10,843)	2,991	600	3,591
Student Council	37	-	-	37	-	37
Supplies	313	5,261	(2,927)	2,647	(737)	1,910
Industrial Technology	8,727	18,814	(12,107)	15,434	(1,064)	14,370
	$ 159,088	$ 427,322	$ (366,235)	$ 220,175	$ -	$ 220,175

See Independent Auditor’s Report.

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

Members of the Board of Education
Hancock County School District
Hawesville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Hancock 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 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 the Hancock 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 the Hancock 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 the Hancock 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 the Hancock 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 the Hancock 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 the Hancock 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 the Hancock 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 the Hancock 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

Owensboro, Kentucky
November 11, 2022

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*

Members of the Board of Education
Hancock County School District
Hawesville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits as defined in the *Independent Auditors' Contract,* the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hancock County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hancock County School District's basic financial statements and have issued our report thereon dated November 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hancock 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 Hancock County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hancock 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hancock 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*. The results of our tests also disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II to the Independent Auditors' Contract - State Audit Requirements*.

We also noted certain other matters that we reported to management of Hancock County School District in a separate letter dated November 11, 2022.

Hancock County School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

Governmental Auditing standards requires the auditor to perform limited procedures on 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 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

Owensboro, Kentucky
November 11, 2022

Hancock County School District
Notes to the Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
United States Department of Agriculture:			
Passed through the Commonwealth of Kentucky Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	7760005	$ 320,965
National School Lunch Program	10.555	7750002	727,947
Summer Food Service Program	10.559	7690024	7,180
Summer Food Service Program	10.559	7740023	69,998
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555		10,497
Total Child Nutrition Cluster			**1,136,587**
Child and Adult Care Food Program	10.558	7790021	33,400
Child and Adult Care Food Program	10.558	7800016	2,264
Child and Adult Care Food Program	10.558	7980000	7,509
Total Child and Adult Care Food Program			**43,173**
State Administrative Expenses for Child Nutrition	10.560	7700001	396
Pandemic EBT Administrative Funds	10.649	9990000	614
Total United States Department of Agriculture			**1,180,770**
United States Department of Education:			
Passed through the Commonwealth of Kentucky Department of Education			
Title I Grants to Local Educational Agencies	84.010A	3100002-20	113,396
Title I Grants to Local Educational Agencies	84.010A	3100002-21	80,768
Title I Grants to Local Educational Agencies	84.010A	3100202-20	77,205
Title I Grants to Local Educational Agencies	84.010A	3100202-21	36,462
Total Title I Grants to Local Educational Agencies			**307,831**
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027A	3810002-21	142,059
Special Education - Grants to States	84.027A	3810002-21	187,634
Special Education - Grants to States	84.027X	3810002-21	360
Special Education - Preschool Grants	84.173A	3800002-20	12,240
Special Education - Preschool Grants	84.173X	3800002-21	3,501
Total Special Education Cluster			**345,794**
Career and Technical Education Basic Grants	84.048A	3710002-21	14,592
Supporting Effective Instruction State Grants	84.367A	3230002-20	34,643
Supporting Effective Instruction State Grants	84.367A	3230002-21	3,254
Total Supporting Effective Instruction State Grants			**37,897**
Student Support and Academic Enrichment	84.424A	3230002-20	14,247
COVID-19 - Education Stabilization Fund	84.425C	GEER	4,255
COVID-19 - Education Stabilization Fund	84.425D	4000002-21	110,543
COVID-19 - Education Stabilization Fund	84.425D	4000002-21	909,190
COVID-19 - Education Stabilization Fund	84.425D	4000002-21	782
COVID-19 - Education Stabilization Fund	84.425D	4000002-21	19,100
COVID-19 - Education Stabilization Fund	84.425U	4000002-21	1,012,977
Total Education Stabilization Fund			**2,056,847**
Total United States Department of Education			**2,777,208**
Total Federal Awards Expended			**$ 3,957,978**

Hancock County School District
Notes to the Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2022

Note 1 Basis of Presentation:

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

Note 2 Summary of Significant Accounting Policies:

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

Note 3 Indirect Cost Rate:

Hancock County School District has elected not to use the 10-percent de minimus indirect cost 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

Hancock County School District
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2022

I. Summary

	Results
Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
* Material weakness(es) identified?	No
* Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
* Material weakness(es) identified?	No
* Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major federal programs?	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
84.425 Eduation Stabilization Fund	$ 2,056,847
84.010A Title 1	$ 307,831
Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

II. Findings - Financial Statement Audit

2022-001 Accounting for Fiduciary Activities in Accordance with GASB No. 84 Fiduciary Activities:

Condition:

The District was required to report financial transactions by the Kentucky Department of Education in Fund 25, however, during the year no activity had been posted by June 30, 2022.

Criteria:

Activity funds are required to be summarized and reported in Fund 25 as a fiduciary fund of the District.

Cause:

Finance staff was not aware of the requirement to report activity funds as a fiduciary fund of the District

Effect:

The possibility existed that the fund could have been omitted from the Annual Financial Report (AFR).

Recommendation:

Auditors recommend that activity from fiduciary activities be reported, reconciled and summarized in Fund 25 on a monthly basis.

Management Response:

Management concurs and will take corrective action immediately.

2022-002 Accounting for Capital Asset Activity

Condition:

It was noted during our audit of the area of Capital Assets, that activity was not being summarized and reconciled on a monthly basis. A significant audit adjustment was required as of June 30, 2022 to correct the balance.

Criteria:

Ideally, capital asset activity would be reconciled from the general ledger to the subsidiary capital asset report on a monthly basis to ensure all items capitalized are properly reflected in the financial statements.

Cause:

Finance staff was not performing this task on a monthly basis.

Effect:

Capital assets are not properly reflected during the year in the financial statements, and the risk exists that items may not be capitalized and depreciated in a timely manner.

Recommendation:

Auditors recommend that capital asset activity be balanced and reconciled on a monthly basis.

Management Response:

Management concurs and will take corrective action immediately.

III. Findings and Questioned Costs - Major Federal Program Audit:

None: There were no material findings or questioned costs related to the major federal programs of Hancock County School District for the fiscal year ended June 30, 2022.

IV. Summary Schedule of Prior Audit Findings:

There were no findings or questioned costs related to the financial statement audit for the fiscal year ended June 30, 2021.

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To the Board of Education
Hancock County School District
Hawesville, Kentucky

Ladies and Gentlemen:

The following recommendations resulted from our audit of the Hancock County School District for the fiscal year ended June 30, 2022. We have developed these recommendations to assist the District in improving financial operations as well as the related internal controls over various operational areas.

Improving Procedures Over School Activity Funds:

During our test of the receipts and disbursement cycles of the student activity funds for the District, we noted several instances where staff failed to follow procedures promulgated by the Kentucky Department of Education's *Accounting Procedures for Kentucky School Activity Funds* (The Redbook). The following conditions were noted from our sample.

- Five instances related to the donation forms missing proper signatures;
- One instance related to the deposit slips not being initialed;
- Twenty-eight instances related to the deposit receipt not being properly approved;
- Nine instances related to the Multiple Receipt Forms not being completed properly;
- Three instances related to a check missing dual signatures;
- One instance related to a PO only containing one signature;
- Four instances where not PO was on file;
- Twenty-three instances where invoice approval was missing;
- Twenty-three instances related to invoice missing check number;
- One instance related where no invoice was on file to support disbursement.

Recommendation:

We recommend that management continue to provide training to ensure compliance with the procedures mandated by the Kentucky Department of Education as they relate to activity fund financial practices. Management of the District may also consider having someone within the District review activity in each fund on a monthly basis.

Management Response:

Management concurs with this recommendation and at the time of the audit has already communicated to responsible staff the procedures as they relate to the Redbook. From the heightened awareness of risk and responsibility, we will continue to provide yearly "Redbook" trainings and will conduct an annual internal review of each school's activity funds.

We feel the above findings will improve as we improve our internal review of these accounts and will expend more effort into getting into the schools to address these issues. Compliance to the "Redbook" will be addressed with each school principal and bookkeeper and we will offer more additional training necessary to make improvements.

2021-22 Activity by School:

North Elementary:

- The following were noted over the cash disbursement process:

  1) Auditor noted a **repeat finding** that one PO only had contained one signature instead of the required two.
  2) Auditor noted that one PO was missing from the supporting documentation.
  3) Auditor noted **repeat findings** of eleven invoices that were missing a signature for approval.
  4) Auditor noted **repeat findings** of eleven invoices that were missing check numbers.

- The following was noted over the cash receipt process:

  1) Auditor noted that eight cash receipts were lacking proper initials on the deposit receipt

Management concurs with this recommendation and at the time of the audit has again communicated to responsible staff the procedures as they relate to the Redbook. The process for authorizing, approving, documenting and reviewing disbursements was discussed with staff, also, as was the need to review the bank statement for the activity fund in conjunction with the review of the reconciliation.

From the heightened awareness of risk and responsibility, we will continue to provide yearly "Redbook" training.

We feel the above findings will improve as we improve our internal review of these accounts and will expend more effort into getting into the schools to address these issues. Compliance to the "Redbook" will again be addressed with each school principal and bookkeeper and we will offer any additional training necessary to make improvements.

South Elementary School:

- The following was a note related to the cash receipt process:

  1) Auditor noted that ten cash receipts were lacking proper initials on the deposit receipt.
  2) Auditor noted two instances of donation forms missing proper signatures.

Management concurs with this recommendation and at the time of the audit has again communicated to responsible staff the procedures as they relate to the Redbook. The process for authorizing, approving, documenting and reviewing disbursements was discussed with staff, also, as was the need to review the bank statement for the activity fund in conjunction with the review of the reconciliation.

From the heightened awareness of risk and responsibility, we will continue to provide yearly "Redbook" training.

We feel the above findings will improve as we improve our internal review of these accounts and will expend more effort into getting into the schools to address these issues. Compliance to the "Redbook" will again be addressed with each school principal and bookkeeper and we will offer any additional training necessary to make improvements.

Hancock County Middle School:

- The following were noted related to the cash receipt process:

  1) Auditor noted that one deposit slip was not approved with initials.
  2) Auditor noted that ten cash receipts were lacking proper initials on the deposit receipt.
  3) Auditor noted that nine Multiple Receipt Forms were not properly completed.

- The following were noted related to the cash disbursement process:

  1) Auditor noted that three checks were missing dual signatures.
  2) Auditor noted that one PO was missing from the supporting documentation.
  3) Auditor noted that twelve invoices were missing a signature for approval.
  4) Auditor noted a **repeat finding** of twelve invoices were missing a check number.
  5) Auditor noted a **repeat finding** that one invoice/receipt was not on file.

Management concurs with this recommendation and at the time of the audit has again communicated to responsible staff the procedures as they relate to the Redbook. The process for authorizing, approving, documenting and reviewing disbursements was discussed with staff, also, as was the need to review the bank statement for the activity fund in conjunction with the review of the reconciliation.

From the heightened awareness of risk and responsibility, we will continue to provide yearly "Redbook" training.

We feel the above findings will improve as we improve our internal review of these accounts and will expend more effort into getting into the schools to address these issues. Compliance to the "Redbook" will again be addressed with each school principal and bookkeeper and we will offer any additional training necessary to make improvements.

Hancock County High School:

- The following were noted related to the cash receipt process:

  1) Auditor noted three instances where a donation form was missing signatures

- The following were noted related to the cash disbursement process:

1) Auditor noted that two POs were missing from the supporting documentation.

Management concurs with this recommendation and at the time of the audit has again communicated to responsible staff the procedures as they relate to the Redbook. The process for authorizing, approving, documenting and reviewing disbursements was discussed with staff, also, as was the need to review the bank statement for the activity fund in conjunction with the review of the reconciliation.

From the heightened awareness of risk and responsibility, we will continue to provide yearly "Redbook" training.

We feel the above findings will improve as we improve our internal review of these accounts and will expend more effort into getting into the schools to address these issues. Compliance to the "Redbook" will again be addressed with each school principal and bookkeeper and we will offer any additional training necessary to make improvements.

Prior Year Findings:

Improving Procedures Over School Activity Funds:

We noted several instances where procedures mandated by the Kentucky Department of Education over school activity funds were not followed. A summary by school of the findings related to the activity funds is below:

- Three instances related to the donation form not being signed by bookkeeper;
- Fourteen instances related to the deposit not being properly support by the receipt;
- One instance related to the bank reconciliation not being signed by two people;
- Four instances related to the gate receipts not matching ticket sales;
- One instance related to the game gate form not being totaled correctly;
- Two instances related to a check missing dual signatures;
- Two instances related to a PO only containing one signature;
- One instance where not PO was on file;
- Twenty-five instances where invoice approval was missing;
- Seventeen instances related to invoice missing check number;
- One instance related where no invoice was on file to support disbursement.

Recommendation:

We recommend that management continue to provide training to ensure compliance with the procedures mandated by the Kentucky Department of Education as they relate to activity fund financial practices. Management of the District may also consider having someone within the District review activity in each fund on a monthly basis.

Status:

Some instances seem to have been corrected, but other conditions continue to exist in fiscal year 2021-2022. Management is committed to continually improve the handling of activity funds.

Alexander Thompson Arnold PLLC

Alexander Thompson Arnold PLLC
Owensboro, Kentucky
November 11, 2022

APPENDIX C

Hancock County School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of June 27, 2023, by and between the Board of Education of Hancock County, Kentucky ("Board"); the Hancock 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 $2,820,000 of the Corporation's School Building Revenue Bonds, Series 2023, dated as of June 27, 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 ("Financial 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 March 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 Financial 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 HANCOCK COUNTY, KENTUCKY

____
Chairperson

Attest:

____
Secretary

HANCOCK COUNTY SCHOOL DISTRICT FINANCE CORPORATION

____
President

Attest:

____
Secretary

APPENDIX D

Hancock County School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Official Terms and Conditions of Bond Sale

OFFICIAL
TERMS AND CONDITIONS OF BOND SALE

$2,820,000*
Hancock County School District Finance Corporation
School Building Revenue Bonds, Series of 2023
Dated June 27, 2023

SALE: June 6, 2023 AT 11:30 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Hancock County School District Finance Corporation ("Corporation") will until June 6, 2023, at the hour of 11:30 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to $280,000.

HANCOCK COUNTY SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non profit, non stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of Hancock 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 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance Hancock High School Track/Football renovations (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2023.

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

The rental of the school building Project from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project is leased to the Board for the initial period ending June 30, 2023, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

ADDITIONAL PARITY BONDS

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications which have been approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation and a Lease shall be entered into whereunder the annual rental payments during the life of such additional bonds shall be increased by the amount of the annual principal and interest requirements of such additional bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of $5,000 within the same maturity, bear interest from June 27, 2023, payable on December 1, 2023, and semi annually thereafter and shall mature as to principal on June 1 in each of the years as follows::

Year	Amount*	Year	Amount*
2024	$125,000	2032	$240,000
2025	40,000	2033	250,000
2026	40,000	2034	260,000
2027	40,000	2035	270,000
2028	40,000	2036	285,000
2029	200,000	2037	295,000
2030	200,000	2038	305,000
2031	230,000		

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $280,000 which may be applied in any or all maturities.

The Bonds maturing on or after June 1, 2032, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 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 Bonds are to be issued in fully registered form (both principal and interest). First Financial Bank, National Association, Hawesville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on December 1 and June 1 of each year, beginning December 1, 2023 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

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

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

(C) The minimum bid shall be not less than $2,763,600 (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 $2,820,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by $280,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $2,540,000 or a maximum of $3,100,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per $5,000 of Bonds as the price per $5,000 for the $2,820,000 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 June 6, 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 Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on June 1 in accordance with the maturity schedule setting the actual size of the issue.

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

(I) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A Final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

(J) Bids need not be accompanied by a certified or bank cashier's good faith check, BUT the successful bidder will be required to wire transfer an amount equal to 2% of the amount of the principal amount of Bonds awarded to the order of the Corporation by the close of business on the day following the award. Said good faith amount which will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for said Bonds unless delivery is made within 45 days from the date the bid is accepted.

(K) Delivery will be made utilizing the DTC Book-Entry-Only-System.

(L) The Corporation reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, in accordance with the Final Approving Legal Opinion of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky, which Opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(M) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Bonds; provided, however, that any and all expenses incurred in obtaining said insurance shall be solely the obligation of the successful bidder should the successful bidder so elect to purchase such insurance.

STATE SUPPORT OF EDUCATION

The 1990 Regular Session of the General Assembly of the Commonwealth enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA") designed to comply with the mandate of the Kentucky Supreme Court that the General Assembly provide for as efficient and equitable system of schools throughout the State.

KERA became fully effective on July 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education ("DOE"), an appointee of the reconstituted State Board for Elementary and Secondary Education (the "State Board"). Some salient features of KERA are as follows:

KRS 157.330 establishes the fund to Support Education Excellence in Kentucky ("SEEK") funded from biennial appropriations from the General Assembly for distribution to school districts. The base funding guaranteed to each school district by SEEK for operating and capital expenditures is determined in each fiscal year by dividing the total annual SEEK appropriation by the state-wide total of pupils in average daily attendance ("ADA") in the preceding fiscal year; the ADA for each district is subject to adjustment to reflect the number of at risk students (approved for free lunch programs under state and federal guidelines), number and types of exceptional children, and transportation costs.

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at $100 per ADA pupil which is included in the SEEK allotment ($4,000) for the current biennium which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

KRS 160.470(12)(a) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of $.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

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

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

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

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

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

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

POTENTIAL LEGISLATION

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

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

CONTINUING DISCLOSURE

As a result of the 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, Hancock County Board of Education, 83 State Route 3543, Hawesville, Kentucky 42348, Telephone 270-927-6914.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

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

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

HANCOCK COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

by /s/ Nicole Cameron
Secretary

APPENDIX E

Hancock County School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Hancock County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:30 A.M., E.D.S.T., on June 6, 2023, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its $2,820,000 School Building Revenue Bonds, Series of 2023, dated June 27, 2023; maturing June 1, 2024 through 2038 ("Bonds").

We hereby bid for said $2,820,000* principal amount of Bonds, the total sum of $_______________ (not less than $2,763,600) plus accrued interest from June 27, 2023 payable December 1, 2023 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on June 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2024	$125,000	_________%	2032	$240,000	_________%
2025	40,000	_________%	2033	250,000	_________%
2026	40,000	_________%	2034	260,000	_________%
2027	40,000	_________%	2035	270,000	_________%
2028	40,000	_________%	2036	285,000	_________%
2029	200,000	_________%	2037	295,000	_________%
2030	200,000	_________%	2038	305,000	_________%
2031	230,000	_________%			

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $3,100,000 of Bonds or as little as $2,540,000 of Bonds, at the same price per $5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

We further understand that by submitting a bid we agree as follows:

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 6, 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 Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption on June 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 First Financial Bank, National Association, Hawesville, Kentucky, Attn: Wire Transfer Department (270-927-8855).

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about June 27, 2023 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

____
Bidder

By ______________________________
Authorized Officer

____
Address

Total interest cost from June 27, 2023 to final maturity	$____________
Plus discount or less any premium	$____________
Net interest cost (Total interest cost plus discount)	$____________
Average interest rate or cost	____________%

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by RSA Advisors, LLC, as Municipal Advisor and Agent for the Hancock County School District Finance Corporation for $____________ amount of Bonds at a price of $____________ as follows:

Year	Amount	Rate	Year	Amount	Rate
2024	_____,000	_____%	2032	_____,000	_____%
2025	_____,000	_____%	2033	_____,000	_____%
2026	_____,000	_____%	2034	_____,000	_____%
2027	_____,000	_____%	2035	_____,000	_____%
2028	_____,000	_____%	2036	_____,000	_____%
2029	_____,000	_____%	2037	_____,000	_____%
2030	_____,000	_____%	2038	_____,000	_____%
2031	_____,000	_____%			

Dated: June 6, 2023

____

RSA Advisors, LLC,
As Agent for the Hancock County
School District Finance Corporation