

**DATED MAY 16, 2023**

**NEW ISSUE**  
**Electronic Bidding via Parity®**  
**NOT 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)*

**\$43,225,000\***

**PULASKI COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES OF 2023**

**Dated with Delivery: JUNE 14, 2023**

**Due: as shown below**

Interest on the Bonds is payable each December 1 and June 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		Interest	Reoffering	Maturing		Interest	Reoffering		
1-Jun	Amount*	Rate	Yield	CUSIP	1-Jun	Amount*	Rate	Yield	CUSIP
2024	\$40,000	%	%		2034	\$1,530,000	%	%	
2025	\$40,000	%	%		2035	\$3,635,000	%	%	
2026	\$40,000	%	%		2036	\$3,765,000	%	%	
2027	\$40,000	%	%		2037	\$3,915,000	%	%	
2028	\$40,000	%	%		2038	\$4,070,000	%	%	
2029	\$45,000	%	%		2039	\$4,225,000	%	%	
2030	\$45,000	%	%		2040	\$4,655,000	%	%	
2031	\$45,000	%	%		2041	\$4,965,000	%	%	
2032	\$1,010,000	%	%		2042	\$5,275,000	%	%	
2033	\$1,505,000	%	%		2043	\$4,340,000	%	%	

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

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

The Bonds constitute a limited indebtedness of the Pulaski 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 Pulaski County Board of Education.

The Pulaski County (Kentucky) School District Finance Corporation will until May 24, 2023, at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, 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 \$4,325,000.**

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

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

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



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

**PULASKI COUNTY  
BOARD OF EDUCATION**

Cindy Price, Chairperson  
Rebekah Branscum, Member  
Laura Carrigan, Member  
Patty Edwards, Member  
Daphne Tucker, Member

Patrick Richardson, Superintendent/Secretary

**PULASKI COUNTY (KENTUCKY) SCHOOL DISTRICT  
FINANCE CORPORATION**

Cindy Price, President  
Rebekah Branscum, Member  
Laura Carrigan, Member  
Patty Edwards, Member  
Daphne Tucker, Member

Patrick Richardson, Secretary  
Rebecca Wright, Treasurer

**BOND COUNSEL**

Stephoe & Johnson PLLC  
Louisville, Kentucky

**MUNICIPAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

The Citizen's National Bank of Somerset  
Somerset, 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 Pulaski 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.

## TABLE OF CONTENTS

	Page
Introduction .....	1
Book-Entry-Only System .....	1
The Corporation .....	3
Kentucky School Facilities Construction Commission .....	3
Biennial Budget for Period Ending June 30, 2024 .....	4
Outstanding Bonds .....	4
Authority .....	5
The Bonds .....	5
General .....	5
Registration, Payment and Transfer .....	5
Redemption .....	6
Security .....	6
General .....	6
The Lease; Pledge of Rental Revenues .....	6
Commission’s Participation .....	6
State Intercept .....	7
The Projects .....	7
Kentucky Department of Education Supervision .....	7
Estimated Bond Debt Service .....	8
Estimated Use of Bond Proceeds .....	8
District Student Population .....	9
State Support of Education .....	9
Support Education Excellence in Kentucky (SEEK) .....	9
Capital Outlay Allotment .....	9
Facilities Support Program of Kentucky .....	10
Local Support .....	10
Homestead Exemption .....	10
Limitation on Taxation .....	10
Local Thirty Cents Minimum .....	11
Additional 15% Not Subject to Recall .....	11
Assessment Valuation .....	11
Special Voted and Other Local Taxes .....	11
Local Tax Rates, Property Assessments and Revenue Collections .....	12
Overlapping Bond Indebtedness .....	12
SEEK Allotment .....	13
State Budgeting Process .....	14
Potential Legislation .....	14
Continuing Disclosure .....	15
Tax Exemption; Not Bank Qualified .....	15
Original Issue Premium .....	15
Original Issue Discount .....	16
Absence of Material Litigation .....	16
Approval of Legality .....	16
No Legal Opinion Expressed as to Certain Matters .....	16
Bond Rating .....	17
Municipal Advisor .....	17
Approval of Official Statement .....	17
Demographic and Economic Data .....	APPENDIX A
Financial Data .....	APPENDIX B
Continuing Disclosure Agreement .....	APPENDIX C
Official Terms & Conditions of Bond Sale .....	APPENDIX D
Official Bid Form .....	APPENDIX E

**OFFICIAL STATEMENT  
Relating to the Issuance of**

**\$43,225,000\***

**PULASKI 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 Pulaski County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2023 (the "Bonds").

The Bonds are being issued to finance the construction of a new Wellness Center, a new Elementary School, and a new roof for Pulaski County High School (the "Projects").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Pulaski 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 Pulaski 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 14, 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](http://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**

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.

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$71,368 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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:

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

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

### **BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024**

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

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

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

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



<b>Bond Series</b>	<b>Original Principal</b>	<b>Current Principal Outstanding</b>	<b>Principal Assigned to Board</b>	<b>Principal Assigned to Commission</b>	<b>Approximate Interest Rate Range</b>	<b>Final Maturity</b>
2012-REF	\$1,600,000	\$225,000	\$1,600,000	\$0	2.000%	2024
2012B-REF	\$1,940,000	\$315,000	\$1,543,258	\$396,742	2.000%	2023
2014	\$5,950,000	\$5,460,000	\$5,450,779	\$499,221	3.000% - 4.000%	2034
2015-REF	\$4,500,000	\$2,605,000	\$4,500,000	\$0	2.125% - 2.350%	2026
2016-REF	\$2,080,000	\$800,000	\$0	\$2,080,000	2.000%	2027
2017-REF	\$23,685,000	\$17,770,000	\$22,909,094	\$775,906	3.000%	2029
2018	\$2,775,000	\$2,465,000	\$2,775,000	\$0	3.250% - 3.625%	2038
2019	\$1,450,000	\$1,320,000	\$1,450,000	\$0	1.500% - 2.500%	2039
2020-REF	\$7,395,000	\$6,645,000	\$7,172,958	\$222,042	1.150% - 1.750%	2031
2021	\$1,835,000	\$1,675,000	\$1,835,000	\$0	1.700%	2041
2021-REF	\$2,630,000	\$2,410,000	\$2,630,000	\$0	1.500% - 2.150%	2032
2022A	\$2,455,000	\$2,355,000	\$730,454	\$1,724,546	2.000% - 3.000%	2042
2022B	\$4,010,000	\$3,655,000	\$3,655,000	\$0	3.000%	2032
2022 Energy	\$10,660,000	\$10,330,000	\$10,660,000	\$0	4.000%	2042
2022B Energy	\$1,835,000	\$1,735,000	\$1,835,000	\$0	3.000% - 4.125%	2042
<b>TOTALS:</b>	<b>\$74,800,000</b>	<b>\$59,765,000</b>	<b>\$68,746,543</b>	<b>\$5,698,457</b>		

### AUTHORITY

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

- i) the issuance of approximately \$43,225,000 of Bonds subject to a permitted adjustment of \$4,325,000;
- 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 14, 2023, will bear interest from that date as described herein, payable semi-annually on December 1 and June 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). The Citizen's National Bank of Somerset, Somerset, 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 December 1 and June 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 Projects financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the school building Projects; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance certain of the school building(s) which constitute the school building Project (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 14, 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, 2043, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

## COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately \$71,368 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately two percent (2%) of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2024. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods until the Bonds are retired, but the Commission is not required to do so.

## 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 157.627(5) and 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 and the Commission 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 PROJECTS

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance the construction of a new Wellness Center, a new Elementary School, and a new roof for Pulaski County High School (the "Projects").

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

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

## KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

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

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

**ESTIMATED BOND DEBT SERVICE**

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet approximately 98% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	-----Series 2023 School Building Revenue Bonds -----					Total Restricted Fund Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2023	\$5,860,598						\$5,860,598
2024	\$5,859,421	\$40,000	\$1,655,395	\$1,695,395	\$71,368	\$1,624,027	\$7,483,448
2025	\$5,863,655	\$40,000	\$1,716,093	\$1,756,093	\$71,368	\$1,684,725	\$7,548,379
2026	\$5,853,153	\$40,000	\$1,714,793	\$1,754,793	\$71,368	\$1,683,425	\$7,536,578
2027	\$5,862,556	\$40,000	\$1,713,513	\$1,753,513	\$71,368	\$1,682,145	\$7,544,700
2028	\$5,862,223	\$40,000	\$1,712,233	\$1,752,233	\$71,368	\$1,680,865	\$7,543,087
2029	\$5,868,009	\$45,000	\$1,710,953	\$1,755,953	\$71,368	\$1,684,585	\$7,552,593
2030	\$4,706,360	\$45,000	\$1,709,513	\$1,754,513	\$71,368	\$1,683,145	\$6,389,504
2031	\$4,707,117	\$45,000	\$1,708,073	\$1,753,073	\$71,368	\$1,681,705	\$6,388,821
2032	\$3,540,133	\$1,010,000	\$1,706,610	\$2,716,610	\$71,368	\$2,645,242	\$6,185,375
2033	\$3,081,118	\$1,505,000	\$1,673,280	\$3,178,280	\$71,368	\$3,106,912	\$6,188,030
2034	\$3,102,816	\$1,530,000	\$1,622,863	\$3,152,863	\$71,368	\$3,081,495	\$6,184,310
2035	\$1,051,684	\$3,635,000	\$1,569,313	\$5,204,313	\$71,368	\$5,132,945	\$6,184,629
2036	\$1,054,441	\$3,765,000	\$1,436,635	\$5,201,635	\$71,368	\$5,130,267	\$6,184,708
2037	\$1,047,590	\$3,915,000	\$1,293,565	\$5,208,565	\$71,368	\$5,137,197	\$6,184,787
2038	\$1,047,282	\$4,070,000	\$1,140,880	\$5,210,880	\$71,368	\$5,139,512	\$6,186,794
2039	\$1,056,946	\$4,225,000	\$978,080	\$5,203,080	\$71,368	\$5,131,712	\$6,188,658
2040	\$797,803	\$4,655,000	\$806,968	\$5,461,968	\$71,368	\$5,390,600	\$6,188,402
2041	\$676,872	\$4,965,000	\$616,113	\$5,581,113	\$71,368	\$5,509,745	\$6,186,616
2042	\$574,367	\$5,275,000	\$407,583	\$5,682,583	\$71,368	\$5,611,215	\$6,185,582
2043		\$4,340,000	\$184,450	\$4,524,450	\$71,368	\$4,453,082	\$4,453,082
<b>TOTALS:</b>	<b>\$67,474,143</b>	<b>\$43,225,000</b>	<b>\$27,076,900</b>	<b>\$70,301,900</b>	<b>\$1,427,360</b>	<b>\$68,874,540</b>	<b>\$136,348,683</b>

Notes: Numbers are rounded to the nearest \$1.00

**ESTIMATED USE OF BOND PROCEEDS**

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

<b>Sources:</b>	
Par Amount of Bonds	<u>\$43,225,000.00</u>
Total Sources	\$43,225,000.00
<b>Uses:</b>	
Deposit to Construction Fund	\$42,132,750.00
Underwriter's Discount (2%)	864,500.00
Cost of Issuance	<u>227,750.00</u>
Total Uses	\$43,225,000.00

## DISTRICT STUDENT POPULATION

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

<b>Year</b>	<b>Average Daily Attendance</b>	<b>Year</b>	<b>Average Daily Attendance</b>
2000-01	6,882.8	2011-12	7,236.5
2001-02	6,754.4	2012-13	7,255.4
2002-03	6,773.0	2013-14	7,246.8
2003-04	6,777.5	2014-15	7,243.4
2004-05	6,925.0	2015-16	7,343.5
2005-06	6,917.7	2016-17	7,445.9
2006-07	7,017.7	2017-18	7,430.7
2007-08	7,162.5	2018-19	7,413.6
2008-09	7,213.5	2019-20	7,428.2
2009-10	7,259.8	2020-21	7,362.7
2010-11	7,237.6	2021-22	7,647.1
		2022-23	7,647.1

Source: Kentucky State Department of Education.

## STATE SUPPORT

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

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

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

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

The following table shows the computation of the capital outlay allotment for the Pulaski County School District for certain preceding school years.

<b>Year</b>	<b>Capital Outlay Allotment</b>	<b>Year</b>	<b>Capital Outlay Allotment</b>
2000-01	688,280.0	2011-12	723,650.0
2001-02	675,440.0	2012-13	725,542.0
2002-03	677,300.0	2013-14	724,682.0
2003-04	677,750.0	2014-15	724,335.0
2004-05	692,500.0	2015-16	734,350.0
2005-06	691,770.0	2016-17	744,590.0
2006-07	701,770.0	2017-18	743,070.0
2007-08	716,250.0	2018-19	741,360.0
2008-09	721,354.0	2019-20	742,820.0
2009-10	725,981.0	2020-21	736,270.5
2010-11	723,756.0	2021-22	764,707.0
		2022-23	764,707.0

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 (\$.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*

<b>Tax Year</b>	<b>Combined Equivalent Rate</b>	<b>Total Property Assessment</b>	<b>Property Revenue Collections</b>
2000-01	49.1	1,833,142,686	9,000,731
2001-02	50.5	1,964,452,236	9,920,484
2002-03	49.1	2,026,022,103	9,947,769
2003-04	49.1	2,105,999,750	10,340,459
2004-05	51.6	2,295,131,563	11,842,879
2005-06	50.5	2,479,385,849	12,520,899
2006-07	56	2,574,685,202	14,418,237
2007-08	50.5	2,791,917,049	14,099,181
2008-09	55.1	2,956,190,926	16,288,612
2009-10	55.1	2,996,132,901	16,508,692
2010-11	55.2	3,113,127,351	17,184,463
2011-12	54.9	3,086,452,488	16,944,624
2012-13	56.5	3,132,941,444	17,701,119
2013-14	57.1	3,157,892,838	18,031,568
2014-15	60.1	3,196,812,800	19,212,845
2015-16	60.6	3,272,496,188	19,831,327
2016-17	62.3	3,347,983,337	20,857,936
2017-18	62.7	3,432,920,219	21,524,410
2018-19	65.5	3,521,195,105	23,063,828
2019-20	64.6	3,616,107,633	23,360,055
2020-21	60.5	3,807,619,907	23,036,100
2021-22	60.1	3,979,764,014	23,918,382
2022-23	63.2	4,306,612,740	27,217,793

**OVERLAPPING BOND INDEBTEDNESS**

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

<b>Issuer</b>	<b>Original Principal Amount</b>	<b>Amount of Bonds Redeemed</b>	<b>Current Principal Outstanding</b>
County of Pulaski			
General Obligation	17,328,422	4,877,522	12,450,900
Utilities Revenue	11,800,000	0	11,800,000
Courthouse Annex Lease Revenue	14,205,000	6,690,000	7,515,000
Refunding Revenue	5,868,011	442,587	5,425,424
Vehicles Revenue	566,823	0	566,823
City of Burnside			
Improvement Project Revenue	1,166,000	143,500	1,022,500
Refinancing Revenue	695,000	175,000	520,000
City of Eubank			
Water Revenue	3,236,000	1,451,500	1,784,500
Improvement Project Revenue	925,000	160,000	765,000



City of Ferguson			
Sewer Revenue	184,000	115,000	69,000
City of Science Hill			
Water & Sewer Revenue	2,029,500	750,900	1,278,600
City of Somerset			
General Obligation	36,359,000	861,000	35,498,000
Improvement Project Revenue	14,000,000	1,737,000	12,263,000
Vehicles Revenue	650,523	0	650,523
Special Districts			
Pulaski County Public Library	7,345,000	3,215,000	4,130,000
Western Pulaski County Water Dist.	11,054,000	3,353,500	7,700,500
Somerset-Pulaski County Airport Board	610,000	130,000	480,000
<b>Totals:</b>	<b>128,022,279</b>	<b>24,102,509</b>	<b>103,919,770</b>

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.

	<b>Base Funding</b>	<b>Local Tax Effort</b>	<b>Total State &amp; Local Funding</b>
2022-23 SEEK	34,060,656	27,217,793	61,278,449
2021-22 SEEK	33,135,453	23,918,382	57,053,835
2020-21 SEEK	30,393,206	23,036,100	53,429,306
2019-20 SEEK	32,508,974	23,360,055	55,869,029
2018-19 SEEK	32,952,354	23,063,828	56,016,182
2017-18 SEEK	32,661,980	21,524,410	54,186,390
2016-17 SEEK	32,425,935	20,857,936	53,283,871
2015-16 SEEK	31,736,126	19,831,327	51,567,453
2014-15 SEEK	30,678,860	19,212,845	49,891,705
2013-14 SEEK	30,315,654	18,031,568	48,347,222
2012-13 SEEK	30,255,307	17,701,119	47,956,426
2011-12 SEEK	30,575,558	16,944,624	47,520,182
2010-11 SEEK	28,108,895	17,184,463	45,293,358
2009-10 SEEK	28,338,665	16,508,692	44,847,357
2008-09 SEEK	31,798,411	16,288,612	48,087,023
2007-08 SEEK	31,471,534	14,099,181	45,570,715
2006-07 SEEK	28,369,780	14,418,237	42,788,017
2005-06 SEEK	27,691,739	12,520,899	40,212,638
2004-05 SEEK	26,404,558	11,842,879	38,247,437
2003-04 SEEK	25,803,732	10,340,459	36,144,191
2002-03 SEEK	25,141,619	9,947,769	35,089,388
2001-02 SEEK	24,291,230	9,920,484	34,211,714
2000-01 SEEK	25,177,531	9,000,731	34,178,262

- (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 \$0.6910 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, Pulaski County Board of Education, PO Box 768, Richmond, Kentucky 40476 (859-624-4500).

## TAX EXEMPTION; NOT 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 more than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds are not "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.



# **APPENDIX A**

## **Pulaski County School District Finance Corporation School Building Revenue Bonds Series of 2023**

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### **Demographic and Economic Data**

## **PULASKI COUNTY, KENTUCKY**

Somerset, situated on the northeastern edge of Lake Cumberland, is the county seat of Pulaski County. Somerset is located 76 miles south of Lexington, Kentucky; 117 miles northwest of Knoxville, Tennessee; and 131 miles southeast of Louisville, Kentucky. Somerset had an estimated 2022 population of 12,047.

Pulaski County, which covers a land area of 662 square miles, is located in southern Kentucky. The county had an estimated 2022 population of 66,549.

### **The Economic Framework**

In 2022, Pulaski County had a labor force of 27,908 people, with an unemployment rate of 4.3%. The top 5 jobs by occupation were as follows: office and administrative support - 3,238 (13.62%); sales - 3,230 (13.59%); executive, managers, and administrators - 1,994 (8.39%); transportation workers - 1,599 (6.73%); and production workers - 1,586 (6.67%).

### **Transportation**

Major highways serving Somerset are U.S. Highway 27, the Cumberland Parkway, and Kentucky Routes 80 and 461. Interstate Highway 75 is accessible 32 miles east, via Kentucky 80; and 16 miles northeast via Kentucky 461. Twenty-one common carrier trucking companies provide interstate and/or intrastate service to the area. Main line rail service is provided to Somerset by Norfolk Southern Corporation. The Somerset Pulaski County Airport, two miles south of Somerset, maintains a 5,500-foot paved runway. The nearest scheduled commercial airline service is available at Blue Grass Airport near Lexington, Kentucky, 80 miles north of Somerset.

### **Power and Fuel**

Electric power is provided to Somerset and Pulaski County by Kentucky Utilities Company, an electric generation and transmission company. Pulaski County is also served by South Kentucky Rural Electric Cooperative Corporation. Natural gas service in Somerset is provided by Somerset Gas Service.

### **Education**

Primary and secondary education is provided to Somerset and Pulaski County by the Somerset Independent School System and the Pulaski County School System. The Somerset Independent School System is accredited by the Southern Association of Colleges and Schools. Somerset Community College, offers associate degrees and curricula for the first two years of a baccalaureate program. In addition, eight other colleges and universities are located within 60 miles of Somerset. Post-secondary education is available at The Somerset Technical College.

## **LOCAL GOVERNMENT**

### **Structure**

The City of Somerset is served by a mayor and twelve council members. Pulaski County is served by a county judge/executive and seven magistrates.

### **Planning and Zoning**

- City agency - Somerset Planning and Zoning
- Zoning enforced - Within corporate limits of Somerset
- Subdivision regulations enforced - Within corporate limits of Somerset and one mile beyond
- Local codes enforced - Building and housing
- Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

## Local Fees and Licenses

The City of Somerset levies a business fee ranging from \$10 to \$500 annually. The business license fee for manufacturers is based on the number of employees: 25 employees or less - \$100; 26 to 50 employees \$200; 51 to 100 employees - \$300; 101 to 200 employees - \$400; more than 200 employees -

## Property Taxes

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

Special local taxing jurisdictions (fire protection districts, watershed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county). Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value.

## LABOR MARKET STATISTICS

The Somerset Labor Market Area includes Pulaski County and the adjoining Kentucky counties of Adair, Casey, Laurel, Lincoln, McCreary, Rockcastle, Russell, and Wayne.

### Population

<u>Area</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Somerset	11,227	11,786	12,047
Pulaski County	64,832	64,904	66,549

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

### Population Projections

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Pulaski County	67,345	68,854	70,180

*Source: Kentucky State Data Center, University of Louisville*

## EDUCATION

### Public Schools

	<u>Pulaski County</u>	<u>Science Hill Independent</u>	<u>Somerset Independent</u>
Total Student Enrollment (2019-2020)	7,706	407	1,526
Pupil-Teacher Ratio (2021-22)	16 - 1	15 - 1	14 - 1



## Vocational Training

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

<b>Vocational School</b>	<b>Location</b>	<b>Enrollment 2021-22</b>
Bell County ATC	Pineville, KY	415
Casey County ATC	Liberty, KY	390
Clay County ATC	Manchester, KY	224
Corbin Independent ATC	Corbin, KY	420
Garrard County ATC	Lancaster, KY	308
Green County ATC	Greensburg, KY	434
Knox County ATC	Barbourville, KY	353
Lake Cumberland ATC	Russell Springs, KY	777
Lee County ATC	Beattyville, KY	258
Lincoln County ATC	Stanford, KY	241
Madison County ATC	Richmond, KY	723
Marion County ATC	Lebanon, KY	649
Pulaski County ATC	Somerset, KY	273
Montgomery County ATC	Mt. Sterling, KY	366
Morgan County ATC	West Liberty, KY	371
Pulaski County ATC	Somerset, KY	273
Rockcastle County ATC	Mt. Vernon, KY	372
Wayne County ATC	Monticello, KY	555

## Colleges and Universities

<b>School Name</b>	<b>Location</b>	<b>Undergraduate Enrollment Fall 2021</b>
Asbury University	Wilmore, KY	1,472
Berea College	Berea, KY	1,468
Centre College	Danville, KY	1,320
Campbellsville University	Campbellsville, KY	5,880
Eastern Kentucky University	Richmond, KY	11,684
Lindsey Wilson College	Columbia, KY	1,750
University of the Cumberlands	Williamsburg, KY	4,838
University of Kentucky	Lexington, KY	21,900

**APPENDIX B**

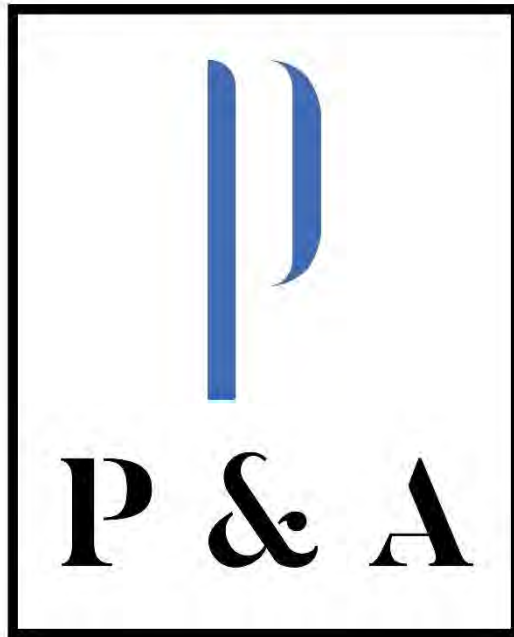
**Pulaski County School District Finance Corporation  
School Building Revenue Bonds  
Series of 2023**

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Audited Financial Statement ending June 30, 2022

**PULASKI COUNTY BOARD OF EDUCATION**  
**AUDITED FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**



**PATRICK & ASSOCIATES, LLC**

124 Candlewood Drive  
Winchester, KY 40391

## Table of Contents

<b>Independent Auditor’s Report</b> .....	<b>1</b>
<b>Management Discussion and Analysis</b> .....	<b>4</b>
<b>Basic Financial Statements</b> .....	<b>10</b>
<b>Statement of Net Position</b> .....	<b>11</b>
<b>Statement of Activities</b> .....	<b>12</b>
<b>Balance Sheet</b> .....	<b>13</b>
<b>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position</b> .....	<b>14</b>
<b>Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b> .....	<b>15</b>
<b>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities</b> .....	<b>16</b>
<b>Budget and Actual General Fund</b> .....	<b>17</b>
<b>Budget and Actual Special Revenue Fund</b> .....	<b>18</b>
<b>Statement of Net Position - Proprietary Funds</b> .....	<b>19</b>
<b>Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds</b> .....	<b>20</b>
<b>Statement of Cash Flows - Proprietary Funds</b> .....	<b>21</b>
<b>Notes to the Basic Financial Statements</b> .....	<b>22</b>
<b>Schedule of the District’s Proportionate Share of Net Pension Liability – TRS and CERS</b> .....	<b>51</b>
<b>Schedule of Contributions CERS and TRS - Pension</b> .....	<b>52</b>
<b>Notes to Required Supplementary Information – Pension</b> .....	<b>53</b>
<b>Schedule of the District’s Proportionate Share of the Net OPEB Liability Medical &amp; Life Insurance Plans - TRS – OPEB</b> 54	
<b>Schedule of the Contributions - TRS – OPEB</b> .....	<b>55</b>
<b>Schedule of District’s Proportionate Share of the Net OPEB Liability – CERS</b> .....	<b>56</b>
<b>Schedule of Contributions OPEB Liability – CERS</b> .....	<b>57</b>
<b>Notes to Required Supplementary Information – OPEB</b> .....	<b>58</b>
<b>Combining Balance Sheet – Non-Major Governmental Funds</b> .....	<b>59</b>
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds</b> ..	<b>60</b>
<b>Schedule of Student Activity Funds</b> .....	<b>61</b>
<b>Schedule of Student Activity Fund – Pulaski County High School</b> .....	<b>62</b>
<b>Schedule of Student Activity Fund – Southwestern High School</b> .....	<b>64</b>
<b>Schedule of Expenditures of Federal Awards</b> .....	<b>66</b>
<b>Notes to the Schedule of Expenditures of Federal Awards</b> .....	<b>69</b>
<b>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</b> .....	<b>70</b>
<b>Independent Auditor’s Report On Compliance for Each Major Program And On Internal Control Over Compliance Required by the Uniform Guidance</b> .....	<b>72</b>
<b>Schedule of Findings and Questioned Costs</b> .....	<b>74</b>



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## **Independent Auditor's Report**

Kentucky State Committee for School District Audits  
Board of Education of the Pulaski County School District  
Somerset, KY

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pulaski 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 Pulaski County School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Auditor's Contract, including Appendix II Instructions for Submissions of the Audit Report*. 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 Pulaski 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.

### **Change in Accounting Principle**

As described in Note 1, the Pulaski County School District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Pulaski 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 Pulaski County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant account 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 Pulaski 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 management's discussion and analysis on pages 4-9 and pension and OPEB information on pages 51-57 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 Pulaski County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the school activity fund statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not 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 audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the school activity fund statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report date January 11, 2023, on our consideration of the Pulaski 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 the Pulaski 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 Pulaski County School District's internal control over financial reporting and compliance.



Patrick & Associates, LLC  
Winchester, KY  
January 11, 2023

## Management Discussion and Analysis

As management of the Pulaski County Board of Education (the 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.

### Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded the assets and deferred outflows on June 30, 2022 by \$12,036,144. Of this amount, \$14,272,852 represents the District's investment in capital assets net of related debt, \$5,583,877 is restricted for governmental activities and \$4,782,561 restricted for business-type activities and the remainder is an unrestricted net deficit of \$36,675,434.
- The District's ending net position increased by \$6,026,406, primarily due increases in cash and cash equivalents and investments in capital assets, decreases in the net pension liability and OPEB liability amounts offset by increases deferred inflows of resources.
- The District's governmental funds report a combined ending fund balance of \$23,027,601, an increase of \$4,077,857. Approximately 24 percent of this total amount, \$5,583,877, is restricted for facility needs, approximately 2 percent, \$524,388, is committed to individual school's operation cost, 74 percent \$16,919,336, is available for the District's operating needs.
- The general fund received \$74,551,439 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- General fund SEEK revenue for the year totaled \$32,370,746 compared to \$29,656,935 in the prior year. This represents a \$2,713,811 increase from the previous years' funding.
- The District levied tax rates of 54.3 cents for real estate, 54.8 cents tangible, and 50.3 cents motor vehicle per \$100 in assessed value and 3% for utility tax.

### Overview of the Financial Statements

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

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

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

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

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



## **Management Discussion and Analysis (continued)**

The government-wide financial statements begin on page 11 of this report.

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

### **Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on page 22 this report.

### **Other information**

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information. This information starts on page 51 of this report.

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

## Management Discussion and Analysis (continued)

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflow exceeded assets and deferred outflows by \$17,039,860 for governmental activities and assets and deferred outflows exceeded liabilities and deferred inflows by \$5,003,716 for business-type activities at the close of the most recent fiscal year.

#### Pulaski County Board of Education Comparative Statement of Net Position

	Governmental Activities		Business-type Activities	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Assets</b>				
Current and other assets	\$ 30,309,700	\$ 26,193,799	\$ 7,106,940	\$ 5,326,811
Net capital assets	70,116,561	66,799,002	221,155	266,809
Total assets	<u>100,426,261</u>	<u>92,992,801</u>	<u>7,328,095</u>	<u>5,593,620</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension differences and contributions made after measurement date	13,362,295	13,954,962	601,910	553,538
Deferred saving from refunding bonds	1,205,160	1,452,555	-	-
Total deferred outflows of resources	<u>14,567,455</u>	<u>15,407,517</u>	<u>601,910</u>	<u>553,538</u>
Total assets and deferred outflows of resources	<u>114,993,716</u>	<u>108,400,318</u>	<u>7,930,005</u>	<u>6,147,158</u>
<b>Liabilities</b>				
Current liabilities	13,194,070	12,610,415	28,693	58,635
Non-current liabilities:				
Debt service due in more than one year	54,513,405	50,084,438	-	-
Net pension liability	26,135,614	34,286,394	1,177,290	1,360,006
Other post-employment benefits liability	18,865,480	23,648,179	849,803	938,029
Total liabilities	<u>112,708,569</u>	<u>120,629,426</u>	<u>2,055,786</u>	<u>2,356,670</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - pensions	6,557,114	1,056,585	295,368	41,911
Deferred inflows of resources - OPEB	12,767,893	8,200,166	575,135	325,268
Total deferred inflows of resources	<u>19,325,007</u>	<u>9,256,751</u>	<u>870,503</u>	<u>367,179</u>
Total liabilities and deferred inflows of resources	<u>132,033,576</u>	<u>129,886,177</u>	<u>2,926,289</u>	<u>2,723,849</u>
<b>Net position</b>				
Net Investment in Capital Assets	14,051,697	11,971,344	221,155	266,809
Restricted for Capital Assets	4,408,313	2,454,293	-	-
Restricted - Other	1,175,564	1,135,427	4,782,561	3,156,500
Unrestricted	(36,675,434)	(37,046,923)	-	-
Total net position	<u>\$ (17,039,860)</u>	<u>\$ (21,485,859)</u>	<u>\$ 5,003,716</u>	<u>\$ 3,423,309</u>

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

## Management Discussion and Analysis (continued)

There were increases in the deferred outflows of resources by \$791,690, a decrease in the net pension liability by \$8,333,496, a decrease in the other post-employment benefit liability of \$4,870,925 and an increase of \$10,571,580 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

**Changes in net position.** The District's net position increased by \$6,026,406 from the prior fiscal year.

### Pulaski County Board of Education Comparative Statement of Activities

The fluctuation in expenses is due to the District's share of pension and other post-employment pension liabilities.

Revenues	June 30, 2022	June 30, 2021	Increase (Decrease)
Program revenues			
Charges for services	\$ 893,801	\$ 525,553	\$ 368,248
Operating grants and contributions	46,419,010	40,387,934	6,031,076
Capital grants and contributions	388,812	2,571,657	(2,182,845)
General revenues			
Property taxes	18,275,819	16,808,013	1,467,806
Motor vehicle taxes	2,790,666	2,684,844	105,822
Franchise taxes	834,196	1,178,746	(344,550)
Utility taxes	3,477,259	2,838,683	638,576
State formula grants	32,370,746	31,431,389	939,357
Other local revenue	2,340,958	698,105	1,642,853
Unrestricted investment earnings	61,163	78,620	(17,457)
Total revenues	<u>107,852,430</u>	<u>99,203,544</u>	<u>8,648,886</u>
Expenses			
Instruction	64,940,760	64,179,784	760,976
Support services	13,294,460	15,615,214	(2,320,754)
Plant operations and maintenance	2,589,940	7,743,771	(5,153,831)
Student transportation	4,931,141	5,785,973	(854,832)
Community Services Operations	1,042,381	965,790	76,591
Site improvements	3,823,994	(9,394,381)	13,218,375
Other non-instructional services	-	10,605,144	(10,605,144)
Debt Service	1,463,864	1,397,528	66,336
Depreciation	3,572,537	-	3,572,537
Food service operations	5,345,337	1,152,805	4,192,532
Day care operations	821,610	(236,561)	1,058,171
Total	<u>101,826,024</u>	<u>97,815,067</u>	<u>4,010,957</u>
Change in net position	6,026,406	1,388,477	4,637,929
Net position - beginning	(18,062,550)	(19,451,027)	1,388,477
Net position - ending	<u>\$ (12,036,144)</u>	<u>\$ (18,062,550)</u>	<u>\$ 6,026,406</u>

## **Management Discussion and Analysis (continued)**

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

### **Governmental Activities**

The governmental activities include the following funds: general, special revenue, district activity, student activity, capital outlay, facility support program, construction, and debt service. These programs had revenues of \$100,017,102 and expenditures of \$95,571,103. Of the revenues, \$13,234 related to charges for services, \$39,415,149 from operating grants and contributions, \$388,812 from capital grants and contributions, and \$60,199,907 related to general revenues and transfers.

Overall governmental net position increased by \$4,445,999 which can mainly be attributed to increase in funds received for operating grants and contribution and tax revenues offset by slight increase in expenditures.

### **Business-Type Activities**

The business-type activities are school food service and day care services. These programs had revenues of \$7,884,428 and expenses of \$6,304,021 for the fiscal year 2022. Of the revenues, \$880,567 related to charges for services and \$7,003,861 from operating grants and contributions.

Overall Business-Type net position increased by \$1,580,407 which can mainly be attributed to decreases in pension and OPEB expenses.

## **General Fund Budget Highlights**

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

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$81,215,053 with actual amounts totaling \$91,138,366. Budgeted expenditures were \$81,185,499 compared to actual expenditures of \$73,694,642.

## **Capital Assets**

At the end of the fiscal year 2022, the District had \$70,337,716 invested in capital assets, \$70,116,561 is in governmental activities. For the fiscal year, capital asset increases totaled \$7,393,358 and depreciation totaled \$3,572,537. At June 30, 2021, the District had \$67,065,811 invested in capital assets, \$66,799,002 is in governmental activities. See detailed table in the notes to the financial statements.

## **Management Discussion and Analysis (continued)**

### **Debt**

At June 30, 2022, the District had \$52,185,000 in bonds outstanding, of this amount \$3,782,829 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$4,485,000 is due within one year. At June 30, 2021, the District had \$49,670,000 in bonds outstanding. See detailed table in the notes to the financial statements.

### **Request for Information**

This financial report is designed to provide a general overview of the Pulaski County Board of Education's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to [rebecca.wright@pulaski.kyschools.us](mailto:rebecca.wright@pulaski.kyschools.us).

## Basic Financial Statements

PULASKI COUNTY BOARD OF EDUCATION

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,378,195	\$ 6,376,083	\$ 29,754,278
Receivables			
Taxes -current	1,232,199	-	1,232,199
Accounts	76,001	586,806	662,807
Intergovernmental - state	-	-	-
Intergovernmental - federal	3,381,518	-	3,381,518
Interfund receivables	2,241,787	-	2,241,787
Inventory	-	144,051	144,051
Total capital assets, net of depreciation	70,116,561	221,155	70,337,716
Total assets	<u>100,426,261</u>	<u>7,328,095</u>	<u>107,754,356</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	4,276,614	192,642	4,469,256
Deferred outflows - OPEB contributions	9,085,681	409,268	9,494,949
Deferred saving from refunding bonds	1,205,160	-	1,205,160
Total deferred outflows of resources	<u>14,567,455</u>	<u>601,910</u>	<u>15,169,365</u>
Total assets and deferred outflows of resources	<u>114,993,716</u>	<u>7,930,005</u>	<u>122,923,721</u>
<b>LIABILITIES</b>			
Accounts payable	4,042,282	28,693	4,070,975
Interfund payables	2,241,787	-	2,241,787
Accrued interest payable	325,939	-	325,939
Unearned revenue	998,030	-	998,030
Long term liabilities:			
Due within one year			
Bond obligations	4,485,000	-	4,485,000
Lease Obligations	788,809	-	788,809
Sick leave	312,223	-	312,223
Due beyond one year			
Bond obligations	47,700,000	-	47,700,000
Lease Obligations	3,091,055	-	3,091,055
Sick leave	3,722,350	-	3,722,350
Net pension liability	26,135,614	1,177,290	27,312,904
Net OPEB liability	18,865,480	849,803	19,715,283
Total liabilities	<u>112,708,569</u>	<u>2,055,786</u>	<u>114,764,355</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	6,557,114	295,368	6,852,482
Deferred inflows of resources - OPEB	12,767,893	575,135	13,343,028
Total deferred inflows of resources	<u>19,325,007</u>	<u>870,503</u>	<u>20,195,510</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>132,033,576</u>	<u>2,926,289</u>	<u>134,959,865</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets net of related debt	14,051,697	221,155	14,272,852
Restricted for:			
Capital projects	4,408,313	-	4,408,313
Other	1,175,564	4,782,561	5,958,125
Unrestricted	(36,675,434)	-	(36,675,434)
Total net position	<u>\$ (17,039,860)</u>	<u>\$ 5,003,716</u>	<u>\$ (12,036,144)</u>

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

PULASKI COUNTY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental activities:</b>							
Instructional	\$ 64,940,760	\$ 13,234	\$ 31,314,119	\$ -	\$ (33,613,407)	\$ -	\$ (33,613,407)
Support Services							
Student	4,318,343	-	780,689	-	(3,537,654)	-	(3,537,654)
Instructional Staff	2,827,162	-	565,521	-	(2,261,641)	-	(2,261,641)
District Administration	1,604,074	-	468,651	-	(1,135,423)	-	(1,135,423)
School Administration	3,342,245	-	530,138	-	(2,812,107)	-	(2,812,107)
Business	1,202,636	-	363,744	-	(838,892)	-	(838,892)
Plant operations and maintenance	2,589,940	-	2,779,000	-	189,060	-	189,060
Student Transportation	4,931,141	-	1,314,507	-	(3,616,634)	-	(3,616,634)
Community Services Operations	1,042,381	-	1,038,589	-	(3,792)	-	(3,792)
Site improvements	3,823,994	-	260,191	-	(3,563,803)	-	(3,563,803)
Debt Service	1,463,864	-	-	388,812	(1,075,052)	-	(1,075,052)
Depreciation	3,484,563	-	-	-	(3,484,563)	-	(3,484,563)
Total governmental activities	<u>95,571,103</u>	<u>13,234</u>	<u>39,415,149</u>	<u>388,812</u>	<u>(55,753,908)</u>	<u>-</u>	<u>(55,753,908)</u>
<b>Business-type activities:</b>							
Food service operations	5,345,337	169,524	6,651,243	-	-	1,475,430	1,475,430
Day care operations	821,610	711,043	352,618	-	-	242,051	242,051
Depreciation	87,974	-	-	-	-	(87,974)	(87,974)
Total business-type activities	<u>6,254,921</u>	<u>880,567</u>	<u>7,003,861</u>	<u>-</u>	<u>-</u>	<u>1,629,507</u>	<u>1,629,507</u>
Total primary government	<u>\$ 101,826,024</u>	<u>\$ 893,801</u>	<u>\$ 46,419,010</u>	<u>\$ 388,812</u>	<u>\$ (55,753,908)</u>	<u>\$ 1,629,507</u>	<u>\$ (54,124,401)</u>
<b>General revenues</b>							
<b>Taxes:</b>							
Property taxes					\$ 18,275,819	\$ -	\$ 18,275,819
Motor vehicle taxes					2,790,666	-	2,790,666
Franchise taxes					834,196	-	834,196
Utility taxes					3,477,259	-	3,477,259
State formula grants					32,370,746	-	32,370,746
Tuition					26,185	-	26,185
Student activities					1,606,119	-	1,606,119
Other local revenue					608,579	-	608,579
Sale of equipment					70,739	-	70,739
Loss compensation					29,336	-	29,336
Unrestricted investment earnings					61,163	-	61,163
Transfers					49,100	(49,100)	-
Total general revenues and transfers					<u>60,199,907</u>	<u>(49,100)</u>	<u>60,150,807</u>
Change in net position					4,445,999	1,580,407	6,026,406
Net position - beginning					(21,485,859)	3,423,309	(18,062,550)
Net position - ending					<u>\$ (17,039,860)</u>	<u>\$ 5,003,716</u>	<u>\$ (12,036,144)</u>

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



PULASKI COUNTY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds  
June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Total Non-Major Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,465,191	\$ -	\$ 5,320,913	\$ 1,592,091	\$ 23,378,195
Interfund receivables	2,241,787	-	-	-	2,241,787
Receivables					
Taxes-current	1,232,199	-	-	-	1,232,199
Accounts	76,001	-	-	-	76,001
Intergovernmental - federal	-	3,381,518	-	-	3,381,518
Total assets	<u>20,015,178</u>	<u>3,381,518</u>	<u>5,320,913</u>	<u>1,592,091</u>	<u>30,309,700</u>
<b>LIABILITIES</b>					
Accounts payable	2,571,454	141,701	1,324,959	4,168	4,042,282
Interfund payable	-	2,241,787	-	-	2,241,787
Unearned revenue	-	998,030	-	-	998,030
Total liabilities	<u>2,571,454</u>	<u>3,381,518</u>	<u>1,324,959</u>	<u>4,168</u>	<u>7,282,099</u>
<b>FUND BALANCE</b>					
Restricted	-	-	3,995,954	1,587,923	5,583,877
Committed	524,388	-	-	-	524,388
Unassigned	16,919,336	-	-	-	16,919,336
Total fund balance	<u>17,443,724</u>	<u>-</u>	<u>3,995,954</u>	<u>1,587,923</u>	<u>23,027,601</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 20,015,178</u>	<u>\$ 3,381,518</u>	<u>\$ 5,320,913</u>	<u>\$ 1,592,091</u>	<u>\$ 30,309,700</u>

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

PULASKI COUNTY SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2022

Total Fund Balances - Governmental Funds	\$ 23,027,601
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	70,116,561
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions deferred outflows	4,276,614
OPEB contributions deferred outflows	9,085,681
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(26,135,614)
Net OPEB liability	(18,865,480)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan deferred inflows	(6,557,114)
OPEB plan deferred inflows	(12,767,893)
Certain liabilities (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(52,185,000)
Lease Obligations	(3,879,864)
Accrued interest	(325,939)
Accrued sick leave	(4,034,573)
Deferred loss on refunding	1,205,160
Net position of governmental activities	\$ (17,039,860)

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

PULASKI COUNTY SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>					
From Local Sources					
Taxes					
Property	\$ 14,296,055	\$ -	\$ -	\$ 3,979,764	\$ 18,275,819
Motor vehicle	2,790,666	-	-	-	2,790,666
Franchise	834,196	-	-	-	834,196
Utilities	3,477,259	-	-	-	3,477,259
Earnings on investments	61,163	-	-	-	61,163
Tuition	26,185	-	-	-	26,185
Student activities	-	-	-	1,606,119	1,606,119
Other local revenue	232,493	19,079	-	357,007	608,579
Intergovernmental - state	52,691,488	3,416,545	260,191	3,044,114	59,412,338
Intergovernmental - federal	141,934	12,633,669	-	-	12,775,603
Total revenues	<u>74,551,439</u>	<u>16,069,293</u>	<u>260,191</u>	<u>8,987,004</u>	<u>99,867,927</u>
<b>EXPENDITURES</b>					
Instruction	48,884,164	11,588,734	-	1,820,372	62,293,270
Support services					
Student	4,233,170	84,845	-	328	4,318,343
Instructional staff	2,581,236	163,288	-	82,638	2,827,162
District Administration	1,184,656	419,418	-	-	1,604,074
School Administration	3,342,245	-	-	-	3,342,245
Business	1,163,992	38,644	-	-	1,202,636
Plant operation and maintenance	6,853,506	2,192,576	-	8,858	9,054,940
Student Transportation	4,320,404	608,822	-	1,915	4,931,141
Community Services Operations	3,792	1,038,589	-	-	1,042,381
Site improvements	-	-	5,586,266	-	5,586,266
Debt service					
Principal	859,463	-	-	3,950,000	4,809,463
Interest	107,425	-	-	1,276,579	1,384,004
Cost of issuance	-	-	79,860	-	79,860
Total expenditures	<u>73,534,053</u>	<u>16,134,916</u>	<u>5,666,126</u>	<u>7,140,690</u>	<u>102,475,785</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,017,386</b>	<b>(65,623)</b>	<b>(5,405,935)</b>	<b>1,846,314</b>	<b>(2,607,858)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	6,465,000	-	6,465,000
Bond premium	-	-	71,540	-	71,540
Sale of equipment	70,739	-	-	-	70,739
Loss compensation	29,336	-	-	-	29,336
Operating transfers in	1,112,138	160,589	830,412	4,837,767	6,940,906
Operating transfers (out)	(160,589)	(96,151)	-	(6,635,066)	(6,891,806)
Total other financing sources and (uses)	<u>1,051,624</u>	<u>64,438</u>	<u>7,366,952</u>	<u>(1,797,299)</u>	<u>6,685,715</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,069,010</b>	<b>(1,185)</b>	<b>1,961,017</b>	<b>49,015</b>	<b>4,077,857</b>
<b>FUND BALANCE - BEGINNING</b>	<b>15,374,714</b>	<b>1,185</b>	<b>2,034,937</b>	<b>1,538,908</b>	<b>18,949,744</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 17,443,724</b>	<b>\$ -</b>	<b>\$ 3,995,954</b>	<b>\$ 1,587,923</b>	<b>\$ 23,027,601</b>

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

PULASKI COUNTY SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
 and Changes in Fund Balances to the Statement of Activities  
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$ 4,077,857
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 activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Capital outlays	7,351,038
Depreciation Expense	(3,484,563)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:	
Accrued interest	(7,541)
Amortization of bond costs	(377,979)
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
Pension Expense	433,467
OPEB Expense	1,839,089
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Bond proceeds	(6,465,000)
Bond principal repaid	3,950,000
Lease Obligation Payments	859,463
Sick leave	(3,729,832)
Change in net position of governmental	\$ 4,445,999

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

PULASKI COUNTY BOARD OF EDUCATION

Budget and Actual General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From Local Sources				
Taxes				
Property	\$ 13,450,000	\$ 13,450,000	\$ 14,296,055	\$ 846,055
Motor vehicle	2,100,000	2,100,000	2,790,666	690,666
Franchise	850,000	850,000	834,196	(15,804)
Utilities	3,000,000	3,000,000	3,477,259	477,259
Tuition	25,000	25,000	26,185	1,185
Earnings on investments	35,000	35,000	61,163	26,163
Other local revenue	237,938	237,938	232,493	(5,445)
Intergovernmental - state	32,551,941	46,051,941	52,691,488	6,639,547
Intergovernmental - federal	-	-	141,934	141,934
Total Revenues	<u>52,249,879</u>	<u>65,749,879</u>	<u>74,551,439</u>	<u>8,801,560</u>
EXPENDITURES				
Instruction	48,910,487	42,973,576	48,884,164	(5,910,588)
Support Services				
Student	-	4,054,054	4,233,170	(179,116)
Instructional Staff	-	5,358,980	2,581,236	2,777,744
District Administration	-	1,488,717	1,184,656	304,061
School Administration	-	3,141,620	3,342,245	(200,625)
Business	-	974,091	1,163,992	(189,901)
Plant Operation and Maintenance	5,970,634	5,651,524	6,853,506	(1,201,982)
Student Transportation	-	3,754,277	4,320,404	(566,127)
Community Services	-	6,000	3,792	2,208
Debt Service	-	-	966,888	(966,888)
Contingency	12,833,932	12,835,381	-	12,835,381
Total expenditures	<u>67,715,053</u>	<u>80,238,220</u>	<u>73,534,053</u>	<u>6,704,167</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(15,465,174)	(14,488,341)	1,017,386	15,505,727
OTHER FINANCING SOURCES (USES)				
Sale of equipment	-	10,000	70,739	60,739
Loss compensation	-	10,000	29,336	19,336
Operating transfers in	255,000	235,000	1,112,138	877,138
Operating transfers (out)	-	(947,279)	(160,589)	786,690
Total other financing sources and (uses)	<u>255,000</u>	<u>(692,279)</u>	<u>1,051,624</u>	<u>1,743,903</u>
NET CHANGE IN FUND BALANCE	(15,210,174)	(15,180,620)	2,069,010	17,249,630
FUND BALANCE - BEGINNING	<u>15,210,174</u>	<u>15,210,174</u>	<u>15,374,714</u>	<u>164,540</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 29,554</u>	<u>\$ 17,443,724</u>	<u>\$ 17,414,170</u>

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

PULASKI COUNTY BOARD OF EDUCATION  
Budget and Actual Special Revenue Fund  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From Local Sources				
Other local revenue	\$ -	\$ -	\$ 19,079	\$ 19,079
Intergovernmental - state	3,552,268	3,552,268	3,416,545	(135,723)
Intergovernmental - federal	12,639,333	12,639,333	12,633,669	(5,664)
Total Revenues	<u>16,191,601</u>	<u>16,191,601</u>	<u>16,069,293</u>	<u>(122,308)</u>
<b>EXPENDITURES</b>				
Instruction	14,277,646	14,277,646	11,588,734	2,688,912
Support Services				
Student	72,000	72,000	84,845	(12,845)
Instructional Staff	-	-	163,288	(163,288)
District Administration	-	-	419,418	(419,418)
Business	-	-	38,644	(38,644)
Plant Operation and Maintenance	552,203	552,203	2,192,576	(1,640,373)
Student Transportation	-	-	608,822	(608,822)
Community Services Operations	1,289,752	1,289,752	1,038,589	251,163
Total expenditures	<u>16,191,601</u>	<u>16,191,601</u>	<u>16,134,916</u>	<u>56,685</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	-	-	(65,623)	(65,623)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	160,589	160,589
Operating transfers out	-	-	(96,151)	(96,151)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>64,438</u>	<u>64,438</u>
NET CHANGE IN FUND BALANCE	-	-	(1,185)	(1,185)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>1,185</u>	<u>1,185</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

PULASKI COUNTY BOARD OF EDUCATION  
Statement of Net Position - Proprietary Funds  
June 30, 2022

	Enterprise Funds		
	School Food Services	Day Care Services	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 4,626,319	\$ 1,749,764	\$ 6,376,083
Receivables	512,318	74,488	586,806
Inventories for consumption	144,051	-	144,051
Total current assets	<u>5,282,688</u>	<u>1,824,252</u>	<u>7,106,940</u>
Noncurrent Assets			
General equipment	2,819,884	-	2,819,884
Accumulated depreciation	(2,598,729)	-	(2,598,729)
Total noncurrent assets	<u>221,155</u>	<u>-</u>	<u>221,155</u>
Total Assets	<u>5,503,843</u>	<u>1,824,252</u>	<u>7,328,095</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	154,087	38,555	192,642
Deferred outflows related to OPEB	327,359	81,909	409,268
Total deferred outflows of resources	<u>481,446</u>	<u>120,464</u>	<u>601,910</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	28,444	249	28,693
Total current liabilities	<u>28,444</u>	<u>249</u>	<u>28,693</u>
Noncurrent liabilities			
Net pension liability	941,672	235,618	1,177,290
Net OPEB liability	679,727	170,076	849,803
Total noncurrent liabilities	<u>1,621,399</u>	<u>405,694</u>	<u>2,027,093</u>
Total liabilities	<u>1,649,843</u>	<u>405,943</u>	<u>2,055,786</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	236,254	59,114	295,368
Deferred inflows related to OPEB	460,030	115,105	575,135
Total deferred inflows of resources	<u>696,284</u>	<u>174,219</u>	<u>870,503</u>
<b>NET POSITION</b>			
Net Investment in capital assets	221,155	-	221,155
Restricted	3,418,007	1,364,554	4,782,561
Total net position	<u>\$ 3,639,162</u>	<u>\$ 1,364,554</u>	<u>\$ 5,003,716</u>

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

PULASKI COUNTY BOARD OF EDUCATION  
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Year Ended June 30, 2022

	Enterprise Funds		
	School Food Services	Day Care Services	Total
<b>OPERATING REVENUES</b>			
Lunchroom sales	\$ 169,524	\$ -	\$ 169,524
Tuition	-	711,043	711,043
Total operating revenues	<u>169,524</u>	<u>711,043</u>	<u>880,567</u>
<b>OPERATING EXPENSES</b>			
Salaries & benefits	2,144,480	536,576	2,681,056
Purchased professional services	1,318	-	1,318
Purchased property services	75	17,500	17,575
Other purchased services	24,920	-	24,920
Supplies	2,573,924	22,788	2,596,712
Property	104,875	-	104,875
Dues, Fees, and miscellaneous	18,546	5,736	24,282
Depreciation	87,974	-	87,974
Total operating expenses	<u>4,956,112</u>	<u>582,600</u>	<u>5,538,712</u>
Operating income (loss)	<u>(4,786,588)</u>	<u>128,443</u>	<u>(4,658,145)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal grants	5,891,260	246,106	6,137,366
Federal donated commodities	275,000	-	275,000
State grants	59,296	-	59,296
State on-behalf payments	425,687	106,512	532,199
State on-behalf payments	(425,687)	(106,512)	(532,199)
Pension expense	(12,843)	(122,823)	(135,666)
OPEB expense	(38,669)	(9,675)	(48,344)
Total nonoperating revenues (expenses)	<u>6,174,044</u>	<u>113,608</u>	<u>6,287,652</u>
Income (loss) before operating transfers	1,387,456	242,051	1,629,507
Operating transfer out	(49,100)	-	(49,100)
Change in net position	1,338,356	242,051	1,580,407
NET POSITION - BEGINNING	<u>2,300,806</u>	<u>1,122,503</u>	<u>3,423,309</u>
NET POSITION - ENDING	<u>\$ 3,639,162</u>	<u>\$ 1,364,554</u>	<u>\$ 5,003,716</u>

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



PULASKI COUNTY BOARD OF EDUCATION  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2022

	Enterprise Funds		
	School Food Services	Day Care Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 169,524	\$ 711,043	\$ 880,567
Payments to suppliers	(2,695,729)	11,621	(2,684,108)
Payments to employees	(2,621,679)	(908,084)	(3,529,763)
Net cash provided (used) by operating activities	<u>(5,147,884)</u>	<u>(185,420)</u>	<u>(5,333,304)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>			
Operating grants and contributions	6,368,601	485,116	6,853,717
Net cash provided (used) by noncapital financing activities	<u>6,368,601</u>	<u>485,116</u>	<u>6,853,717</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Purchase of capital assets	(42,320)		(42,320)
Operating transfer to general fund	(49,100)	-	(49,100)
Net cash provided (used) by capital financing activities	<u>(91,420)</u>	<u>-</u>	<u>(91,420)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,129,297	299,696	1,428,993
CASH AND CASH EQUIVALENTS - BEGINNING	3,497,022	1,450,068	4,947,090
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,626,319</u>	<u>\$ 1,749,764</u>	<u>\$ 6,376,083</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (4,786,588)	\$ 128,443	\$ (4,658,145)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	87,974	-	87,974
Changes in assets and liabilities:			
Receivables	(334,488)	(74,488)	(408,976)
Inventory	57,840	-	57,840
Account Payables	29,577	(365)	29,212
Pension expense	(12,843)	(122,823)	(135,666)
OPEB expense	(38,669)	(9,675)	(48,344)
Federal donated commodities	275,000	-	275,000
On-behalf payments expenses	(425,687)	(106,512)	(532,199)
Net cash provided (used) by operating activities	<u>\$ (5,147,884)</u>	<u>\$ (185,420)</u>	<u>\$ (5,333,304)</u>
Schedule of non-cash transactions			
Federal donated commodities	\$ 275,000	-	\$ 275,000
State on-behalf payments	<u>\$ 425,687</u>	<u>\$ 106,512</u>	<u>\$ 532,199</u>

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

**PULASKI COUNTY BOARD OF EDUCATION**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2022**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**The Financial Reporting Entity**

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

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

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

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

**Basis of presentation and accounting**

**Government-wide**

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

**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**Fund Financial Statements**

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

**Governmental Fund Financial Statements**

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

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

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Major Governmental Funds:**

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

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

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

**Non-Major Governmental Funds**

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

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

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

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

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

**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Proprietary Fund Financial Statements**

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

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

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

**Enterprise Funds**

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

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

**Measurement focus and basis of accounting**

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

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

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

**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary information**

The District's budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to examine anticipated receipts and expenditures formally and publicly for the next fiscal year by January 31 (draft budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in the that fund may be received and expended over a period extending beyond one fiscal year. A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project.

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

**Estimates**

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

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

**Cash and cash equivalents**

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

**Deposits with Financial Institutions and Investments**

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

**Prepaid items**

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

**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Inventory**

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

**Capital assets**

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

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

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

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

**Long-term obligations**

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

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deferred outflows/inflows of resources**

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

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

**Pension obligations**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Net position flow assumptions**

Net position is classified into the following categories:

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

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

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



**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Net position flow assumptions (Continued)**

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

**Fund balance flow assumptions**

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

**Fund balance policies**

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

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

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

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

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

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

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

**Revenue and expenditures/expenses**

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

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Revenue and expenditures/expenses (Continued)**

Property taxes – Property taxes are levied each August on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2021 through April 18, 2022.

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

Compensated absences – upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. On June 30, 2022, this amount total \$4,034,573.

**Implementation of New Accounting Principle**

The District adopted the provisions of GASB Statement No. 87, *Leases*. 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. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized 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. 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.

**Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Violations of legal or contractual provisions**

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

**Cash deposits and cash equivalents**

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

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

At year-end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$29,754,278.

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Receivables**

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

Receivables	General Fund	Special Revenue Fund	Food Services Fund	Daycare Services Fund	Total
Taxes	\$ 1,232,199	\$ -	\$ -	\$ -	\$ 1,232,199
Accounts	76,001	-	512,318	74,488	662,807
Intergovernmental-federal	-	3,381,518	-	-	3,381,518
<b>Total Receivables</b>	<b>\$ 1,308,200</b>	<b>\$ 3,381,518</b>	<b>\$ 512,318</b>	<b>\$ 74,488</b>	<b>\$ 5,276,524</b>

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**Capital assets**

The changes in capital assets for the year ended June 30, 2022, are as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<b>Governmental Activities:</b>				
<b>Non-depreciable capital assets</b>				
Land	\$ 3,462,905	\$ -	\$ -	\$ 3,462,905
Construction in progress	1,351,023	5,588,766	548,916	6,390,873
<b>Total - Non-depreciable capital assets</b>	<b>4,813,928</b>	<b>5,588,766</b>	<b>548,916</b>	<b>9,853,778</b>
<b>Depreciable capital assets</b>				
Land improvements	471,956	-	-	471,956
Buildings and Building Improvements	102,283,702	1,762,272	-	104,045,974
Technology equipment	7,526,101	-	-	7,526,101
Vehicles	15,778,348	-	-	15,778,348
General equipment	2,444,621	-	-	2,444,621
<b>Total - Depreciable capital assets</b>	<b>128,504,728</b>	<b>1,762,272</b>	<b>-</b>	<b>130,267,000</b>
<b>Less: Accumulated depreciation</b>				
Land improvements	123,258	38,039	-	161,297
Buildings and building Improvements	46,644,525	2,327,433	-	48,971,958
Technology equipment	7,546,310	7,984	-	7,554,294
Vehicles	10,689,431	969,575	-	11,659,006
General equipment	1,516,130	141,532	-	1,657,662
<b>Total - Accumulated depreciation</b>	<b>66,519,654</b>	<b>3,484,563</b>	<b>-</b>	<b>70,004,217</b>
<b>Governmental Activities Capital Assets - net</b>	<b>\$ 66,799,002</b>	<b>\$ 3,866,475</b>	<b>\$ 548,916</b>	<b>\$ 70,116,561</b>
<b>Business-Type Activities:</b>				
Technology equipment	\$ 56,057	\$ -	\$ -	\$ 56,057
Vehicles	27,330	-	-	27,330
General equipment	2,694,177	42,320	-	2,736,497
<b>Total -Non-depreciable capital assets</b>	<b>2,777,564</b>	<b>42,320</b>	<b>-</b>	<b>2,819,884</b>
<b>Less: Accumulated depreciation</b>				
Technology equipment	56,057	-	-	56,057
Vehicles	27,330	-	-	27,330
General equipment	2,427,368	87,974	-	2,515,342
<b>Total - Depreciable capital assets</b>	<b>2,510,755</b>	<b>87,974</b>	<b>-</b>	<b>2,598,729</b>
<b>Business-Type Activities Capital Assets -net</b>	<b>\$ 266,809</b>	<b>\$ (45,654)</b>	<b>\$ -</b>	<b>\$ 221,155</b>

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

**Capital assets (Continued)**

\*Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated”.

**Pension obligations**

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

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

**Plan Description**

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

**Pension Benefits**

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service including the first ten years. In addition, employees who retire July 1, 2004 or later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5 % to 3.0% to be used in their benefit calculation. Effective July 1, 2008 the system has been amended to change the benefit structure for members hired on or after that date. For members who enter TRS on or after January 1, 2022 TRS created a hybrid retirement plan with a foundational benefit which pays a lifetime retirement annuity.

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

**Pension obligations (Continued)**

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

Pension Benefits (Continued)

Final average salary is defined as the member’s five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. When calculating the final average salary for employees entering the service on or after January 1, 2022 increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to the district’s employees.

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

Contributions

Contributions rates are established by Kentucky Revised Statutes (KRS). Beginning January 1, 2022 non-university employees are required to contribute 12.855% of their salaries for employees entering service prior to January 1, 2022 and 14.75% for employees entering service on or after January 1, 2022. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008, 14.105% for those hired after July 1, 2008 and 10.75% for those hired on or after January 1, 2022. For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries and employees paid with non-federal funds the district contributes 3% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

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

Plan Description

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

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

**Pension obligations (Continued)**

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

Pension Benefits

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

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

Contributions

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

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

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

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

**Pension obligations (Continued)**

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

Contributions (Continued)

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KPPA board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 21.17%, insurance 5.78% for a combined total of 26.95%.

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2022, employers were required to contribute 26.95% of the member's salary. During the year ending June 30, 2022, the District contributed \$1,816,694 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$427,654. The District does not contribute to these plans.

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

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

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

**Pension obligations (Continued)**

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

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

District's proportionate share of the net CERS pension liability	\$ 27,312,904
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>130,641,711</u>
	<u>\$ 157,954,615</u>

The net pension liability for each plan 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. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended, June 30, 2021, using generally accepted actuarial principles. The District's portion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2021, the District's proportion was .428385%. For the year ended June 30, 2022, the District recognized CERS pension expense of \$2,510,104 which is a \$2,097,975 increase in governmental funds and \$412,129 increase in proprietary funds and \$1,255,238 related to TRS as being paid. The adjusted pension expense recognized on the statement of activities, based on actuarial valuation for the year ended June 30, 2022, was \$(297,802) (a decrease of \$433,467 in governmental funds and an increase of \$135,666 in the business type activity funds). The District also recognized revenue of \$10,428,262 for TRS support provided by the Commonwealth.

On June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 313,636	\$ 265,090
Changes of assumptions	366,572	-
Net difference between projected and actual earnings on pension plan	1,059,559	4,699,911
Changes in proportion and difference between District contributions and proportionate share of contributions	219,385	1,887,481
District contributions subsequent to the measurement date	<u>2,510,104</u>	<u>-</u>
	<u>\$ 4,469,256</u>	<u>\$ 6,852,482</u>

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$2,510,104 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ (1,180,901)
2023	(1,697,820)
2024	(874,639)
2025	(1,139,970)
2026	-
Thereafter	-



**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

**Pension obligations (Continued)**

Actuarial assumptions

For TRS, the actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2018 for the fiscal year 2021 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years that began fiscal year 2014
Asset valuation method	5-year smoothing market
Inflation	2.50%
Salary Increase	3.00-7.50%, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

For CERS, the actuarially determined contribution rates effective for fiscal year ending 2019 were calculated as of June 30, 2018. The following actuarial methods and assumptions were used:

Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level Percent of Pay
Amortization period	30 years, closed
Payroll Growth Rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30%-10.30%, varies by service

For TRS, the 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 TRS Board of Trustees on September 20, 2021.

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

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

**Pension obligations (Continued)**

Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.1%
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
Total	100.0%	

For CERS, system-specific mortality table based on mortality experience from 2012-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a based year of 2019.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Growth</b>	<b>68.50%</b>	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.0%	0.00%
Cash	1.5%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.0%	5.40%
Opportunistic	0.0%	NA
Real Return	10.0%	4.55%
Total	100%	

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

**Pension obligations (Continued)**

Discount Rate

For TRS, the discount rates used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contribution rates will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of project benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 35,030,095	\$ 27,312,904	\$ 20,927,110

**Other postemployment benefit (OPEB) obligations**

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

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

**TRS – OPEB**

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

**TRS Medical Insurance Fund (Health Trust)**

**Plan description**

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

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

**Benefits provided**

To be eligible for medical benefits through TRS, the member must have retired either for service or disability. The TRS medical plan offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the Kentucky Employees Health Plan. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan. For 2022, TRS will contribute \$696.84 towards insurance costs, less the shared responsibility cost of \$148.50. Under-65 retirees who are not Medicare eligible and continue on KEHP are responsible for the remaining costs left from the total premium costs.

**Contributions**

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

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

**TRS Postemployment Life Insurance Benefits (Life Trust)**

Plan description

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

Benefits provided

The benefit TRS provides is \$5,000 for members who are retired for service or disability, and \$2,000 for active contributing members. For members entering on or before January 1, 2022, the life insurance benefit is \$5,000 for a eligible active members.

Contributions

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

**CERS – OPEB**

Plan description

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

Benefit provided

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

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

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

Contribution

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

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

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

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

Contribution (Continued)

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

District's proportionate share of the net TRS OPEB MIF liability	\$ 11,516,000
District's proportionate share of the net CERS OPEB MIF liability	8,199,283
Total district proportionate share	<u>19,715,283</u>
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	9,352,000
	<u>\$ 29,067,283</u>

The net OPEB liability for each plan 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. For the year ended June 30, 2022, the District recognized OPEB expense of \$685,328 which is a \$655,788 increase in governmental funds and \$29,540 increase in proprietary funds. For the year ended June 30, 2022, based on actuarial valuation, the district recognized on the statement of activities adjusted total net OPEB expense of \$(1,790,744) (decrease of \$1,839,088 in governmental funds and an increase of \$48,344 in the business type activity funds).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,289,340	\$ 9,296,033
Changes of assumptions	5,185,786	7,624
Net difference between project and actual earnings on OPEB	413,104	2,924,768
Changes in proportion and difference between District contributions and proportionate share of contributions	666,153	1,114,603
District contributions subsequent to the measurement date	<u>1,940,566</u>	<u>-</u>
Total	<u>\$ 9,494,949</u>	<u>\$ 13,343,028</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,940,566 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	TRS	CERS
2021	\$ (1,270,000)	78,600
2022	(1,277,000)	(116,135)
2023	(1,195,000)	(127,176)
2024	(1,100,000)	(589,934)
2025	(240,000)	-
Thereafter	48,000	-

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

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

Contribution (Continued)

Actuarial assumptions for TRS are as follows:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
Heath Trust	7.10%
Life Trust	7.10%
Health Trust Cost Trends	
Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	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

Actuarial assumptions for CERS are as follows:

Inflation	2.30%
Payroll growth	2.00%
Salary increases, including	3.30% to 10.30%, varies by service
Investment Return	6.25%

**Mortality Rates**

For TRS, 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, disable retirees, and active members.

For CERS, mortality rates were based on system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

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

Rate of Return

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

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

Asset Class	MIF Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.00%
Cash (LIBOR)	1.00%	-0.30%
Total	100.00%	
Asset Class	LIF* Target Allocation	30-Year Expected Geometric 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%
Other Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
Total	100.00%	

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



**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

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

Rate of Return (Continued)

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

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
<b>Growth</b>	<b>68.50%</b>	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	NA
Real Return	10.00%	4.55%
Total	100.00%	

Discount Rate

For TRS, the discount rate used to measure the TOL at June 30, 2021 was 7.10% for the Health Trust.

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used into project of cash flows.

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 PM paid to KEHP by TRS were assumed to be paid in all years by the employers as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions re to be decreased, suspended or eliminated:
  - Employee contributions
  - School District/University Contributions
  - State Contributions for KEHP Premium subsidies payable to retirees who retire after June 30, 2010

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

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

Discount Rate (Continued)

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

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

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

Life Trust Discount rate.

The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rates was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the Actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%

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

Based on the assumptions, the Life Trust's FNP was not projected to be depleted.

Long-term rate of return

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

Municipal bond rate

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

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

Periods of projected benefit payments for all current plan members were projected through 2119.

**CERS**

Single discount rates of 5.20% for the CERS non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. There, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicitly subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provision of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

**Risk management**

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

**Long-Term Debt**

**Lease Obligations**

The District is the lessee of buses under leases expiring in various years through 2031. The assets and liabilities under leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under leases is included in depreciation expense for fiscal year 2022.

The following is a schedule by years of the future principal payments under leases as of June 30, 2022:

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

**Long-Term Debt (Continued)**

Lease Obligations Payable (Continued)

<u>Year Ending June 30,</u>	<u>Lease Obligations Payable</u>
2023	\$ 877,835
2024	760,762
2025	668,638
2026	564,410
2027	464,151
2028-2031	<u>854,974</u>
Net minimum lease payable	4,190,770
Amount representing interest	<u>(310,906)</u>
Present value of net minimum lease payments	<u><u>\$ 3,879,864</u></u>

**Bonds**

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

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2022 for debt services are as follows:

Fiscal Year Ending	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 4,071,986	\$ 1,278,788	\$ 413,014	\$ 87,368	\$ 4,485,000	\$ 1,366,156
2024	4,140,604	1,200,416	409,396	80,987	4,550,000	1,281,403
2025	4,244,857	1,098,665	385,143	72,418	4,630,000	1,171,083
2026	4,351,405	986,195	393,595	63,965	4,745,000	1,050,160
2027	4,472,726	870,030	402,274	55,286	4,875,000	925,316
2028	4,600,503	744,212	194,497	46,389	4,795,000	790,601
2029	4,730,611	613,582	199,389	41,498	4,930,000	655,080
2030	3,711,684	476,314	128,316	36,456	3,840,000	512,770
2031	3,783,781	402,060	131,219	33,552	3,915,000	435,612
2032	2,693,081	324,665	111,919	30,577	2,805,000	355,242
2033	2,315,386	244,097	114,614	27,882	2,430,000	271,979
2034	2,417,622	166,148	117,378	25,118	2,535,000	191,266
2035	453,312	74,481	86,688	21,906	540,000	96,387
2036	471,362	61,654	88,638	19,956	560,000	81,610
2037	477,569	48,189	92,431	17,740	570,000	65,929
2038	493,260	34,128	96,740	15,429	590,000	49,557
2039	511,859	19,497	98,141	12,527	610,000	32,024
2040	265,314	8,986	104,686	9,583	370,000	18,569
2041	148,571	4,492	106,429	6,442	255,000	10,934
2042	46,678	1,400	108,322	3,249	155,000	4,649
	<u>\$ 48,402,171</u>	<u>\$ 8,657,999</u>	<u>\$ 3,782,829</u>	<u>\$ 708,328</u>	<u>\$ 52,185,000</u>	<u>\$ 9,366,327</u>

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

A summary of changes in long-term liabilities for the year ended June 30, 2022, is as follows:

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
<b>Governmental Activities:</b>								
<b>Revenue Bonds:</b>								
Series 2014	1.10 - 4.00%	5/1/2034	\$ 5,950,000	\$ 5,585,000	\$ -	\$ 60,000	\$ 5,525,000	\$ 65,000
Series 2015	1.00 - 2.35%	4/1/2026	4,500,000	3,480,000	-	135,000	3,345,000	740,000
Series 2018	3.25 - 3.625%	10/1/2038	2,775,000	2,625,000	-	80,000	2,545,000	80,000
Series 2019	1.50 - 2.50%	9/1/2039	1,450,000	1,405,000	-	45,000	1,360,000	40,000
Series 2021	1.70%	2/1/2041	1,835,000	1,835,000	-	80,000	1,755,000	80,000
Series 2022	2.00 - 3.00%	2/1/2042	2,455,000	-	2,455,000	-	2,455,000	100,000
Series 2022 - 2nd Issue	3.00%	4/1/2032	4,010,000	-	4,010,000	-	4,010,000	355,000
<b>Refunding Revenue Bonds:</b>								
Series 2010R	1.00 - 2.75%	5/1/2022	9,340,000	1,870,000	-	1,870,000	-	-
Series 2012 R2	0.50 - 2.00%	8/1/2023	1,940,000	800,000	-	165,000	635,000	320,000
Series 2012R	1.50 - 2.00%	5/1/2024	1,600,000	590,000	-	145,000	445,000	220,000
Series 2016R	2.00%	6/1/2027	2,080,000	1,185,000	-	190,000	995,000	195,000
Series 2017R	2.00 - 3.00%	4/1/2029	23,685,000	20,495,000	-	785,000	19,710,000	1,940,000
Series 2020R	1.00 - 1.75%	3/1/2031	7,395,000	7,170,000	-	280,000	6,890,000	245,000
Series 2021R	1.50 - 2.15%	2/1/2032	2,630,000	2,630,000	-	115,000	2,515,000	105,000
			<u>\$ 71,645,000</u>	<u>\$ 49,670,000</u>	<u>\$ 6,465,000</u>	<u>\$ 3,950,000</u>	<u>\$ 52,185,000</u>	<u>\$ 4,485,000</u>
<b>Other Liabilities</b>								
Capital Lease				4,739,327	-	859,463	3,879,864	788,809
Sick Leave				304,741	3,729,832	-	4,034,573	312,223
Pension Liability				34,286,394	-	8,150,780	26,135,614	-
OPEB Liability				23,648,179	-	4,782,699	18,865,480	-
Total Other Liabilities				<u>62,978,641</u>	<u>3,729,832</u>	<u>13,792,942</u>	<u>52,915,531</u>	<u>1,101,032</u>
Total Governmental Activities Liabilities				<u>\$ 112,648,641</u>	<u>\$ 10,194,832</u>	<u>\$ 17,742,942</u>	<u>\$ 105,100,531</u>	<u>\$ 5,586,032</u>

**Interfund transfers**

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2022 is as follows:

	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund	\$ 1,112,138	\$ 160,589
Special Revenue Fund	160,589	96,151
Capital Outlay Fund	-	764,707
Building Fund	-	5,870,359
Construction Fund	830,412	-
Debt Service Fund	4,837,767	-
Food Service Fund	-	49,100
Total Transfers	<u>\$ 6,940,906</u>	<u>\$ 6,940,906</u>

Transfers were made between funds to cover indirect costs, construction projects and debt service payments.

**PULASKI COUNTY BOARD OF EDUCATION**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

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

**On-Behalf payments**

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

Kentucky Teachers Retirement System	\$ 11,220,987
Health, Life, Vision & Dental Insurance	9,426,938
Technology	165,621
Debt Service	388,812
Total On-Behalf	<u>\$ 21,202,358</u>

**New Pronouncements**

The GASB has issued several reporting standards that will become effective for fiscal year 2022 and later years’ financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements provides guidance on the accounting and financial reporting for subscription-based technology arrangements (SBITA). The statement defines SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62-the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, Compensated Absences – the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District’s financial position and the results of its operations when the standards are adopted.

**Commitments and Contingencies**

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

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

The district also had construction commitments for on-going projects at June 30, 2022.

**Pulaski County School District**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS  
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
<b>Teacher's Retirement System of the State of Kentucky (TRS)</b>								
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	<u>\$ 130,641,711</u>	<u>\$ 139,687,284</u>	<u>\$ 136,531,389</u>	<u>\$ 133,840,262</u>	<u>\$ 275,575,036</u>	<u>\$ 303,279,104</u>	<u>\$ 232,487,535</u>	<u>\$ 208,474,524</u>
Total	<u>\$ 130,641,711</u>	<u>\$ 139,687,284</u>	<u>\$ 136,531,389</u>	<u>\$ 133,840,262</u>	<u>\$ 275,575,036</u>	<u>\$ 303,279,104</u>	<u>\$ 232,487,535</u>	<u>\$ 208,474,524</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543	\$ 32,792,728
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	45.59%
<b>County Employee Retirement System (CERS)</b>								
District's proportion of the net pension liability	0.428385%	0.464756%	0.476407%	0.443614%	0.444678%	0.450032%	0.446429%	0.438221%
District's proportionate share of the net pension liability	\$ 27,312,904	\$ 35,646,400	\$ 33,505,917	\$ 27,017,445	\$ 26,028,370	\$ 22,157,839	\$ 19,194,327	\$ 14,217,550
State's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
Total	<u>\$ 27,312,904</u>	<u>\$ 35,646,400</u>	<u>\$ 33,505,917</u>	<u>\$ 27,017,445</u>	<u>\$ 26,028,370</u>	<u>\$ 22,157,839</u>	<u>\$ 19,194,327</u>	<u>\$ 14,217,550</u>
District's covered-employee payroll	\$ 6,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930	\$ 11,041,179	\$ 10,948,667	\$ 10,596,488
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	405.09%	318.66%	275.43%	217.59%	232.65%	200.68%	175.31%	134.17%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

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

See the accompanying notes to the required supplementary information.

Pulaski County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions CERS and TRS - Pension  
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Teacher's Retirement System of the State of</b>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543	\$ 32,792,728
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>County Employee Retirement System</b>								
Contractually required contribution	\$ 2,510,104	\$ 2,157,126	\$ 2,347,801	\$ 2,014,007	\$ 1,620,012	\$ 1,540,244	\$ 1,359,825	\$ 1,347,954
Contributions in relation to the contractually required contribution	2,510,104	2,157,126	2,347,801	2,014,007	1,620,012	1,540,244	1,359,825	1,347,954
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930	\$ 11,041,179	\$ 10,948,667	\$ 10,596,488
District's contributions as a percentage of its covered-employee payroll	37.23%	19.28%	19.30%	16.22%	14.48%	13.95%	12.42%	12.72%

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

See the accompanying notes to the required supplementary information.



Pulaski County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension  
For the Year Ended June 30, 2022

TRS

Changes of benefit terms

None

Changes of assumptions

The assumption changes adopted by the Board on September 20, 2021, are summarized below:

- Prince Inflation assumed rate changed from 3.00% to 2.50%,
- Wage Inflation assumed rate changed from 3.50% to 2.75%,
- Assumed investment rate of return changed from 7.50% to 7.10%,
- Assumed Salary Scale changed to a service-based table and adjusted to reflect a decrease of 0.25% in merit and promotion of all ages,
- An administrative expense load of 0.32% of payroll has been added to the normal cost rate,
- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments, and
- Assumed rate of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.
- Increased load for unused sick leave from 2.0% to 3.0% for all activity liability at the time of retirement.

CERS

There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions. There were no other material plan provision changes.

Pulaski County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB  
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>MEDICAL INSURANCE PLAN</b>					
District's proportion of the collective OPEB liability	0.536705%	0.529636%	0.529000%	0.529000%	0.540600%
District's proportionate share of the collective net OPEB liability	\$ 11,516,000	\$ 13,367,000	\$ 15,656,000	\$ 18,355,000	\$ 19,278,000
State's proportionate share of the collective net OPEB liability associated with the District	9,352,000	10,707,000	12,643,000	15,818,000	15,748,000
Total	<u>\$ 20,868,000</u>	<u>\$ 24,074,000</u>	<u>\$ 28,299,000</u>	<u>\$ 34,173,000</u>	<u>\$ 35,026,000</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	31.42%	42.13%	44.93%	54.58%	54.89%
Plan fiduciary net position as a percentage of the total OPEB	51.74%	39.05%	32.58%	25.50%	21.20%
<b>LIFE INSURANCE PLAN</b>					
District's proportion of the collective OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	124,000	324,000	294,000	271,000	211,000
Total	<u>\$ 124,000</u>	<u>\$ 324,000</u>	<u>\$ 294,000</u>	<u>\$ 271,000</u>	<u>\$ 211,000</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
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	89.15%	71.57%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

Pulaski County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB  
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
<b>MEDICAL INSURANCE PLAN</b>					
Contractually required contribution	\$ 1,255,238	\$ 951,709	\$ 594,043	\$ 653,124	\$ 525,833
Contributions in relation to the contractually required contribution	<u>1,255,238</u>	<u>951,709</u>	<u>594,043</u>	<u>653,124</u>	<u>525,833</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	3.42%	3.00%	1.70%	1.94%	1.50%
<b>LIFE INSURANCE PLAN</b>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

Pulaski County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS  
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>HEALTH INSURANCE PLAN</b>					
District's proportion of the collective OPEB liability	0.428284%	0.464622%	0.483347%	0.443598%	0.444678%
District's proportionate share of the collective net OPEB liability	\$ 8,199,283	\$ 11,219,208	\$ 8,129,679	\$ 7,875,994	\$ 8,939,549
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-	-
Total	<u>\$ 8,199,283</u>	<u>\$ 11,219,208</u>	<u>\$ 8,129,679</u>	<u>\$ 7,875,994</u>	<u>\$ 8,939,549</u>
District's covered-employee payroll	\$ 6,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	121.61%	100.29%	66.83%	63.43%	79.90%
Plan fiduciary net position as a percentage of the total OPEB	62.91%	51.67%	60.44%	57.62%	52.39%

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

See the accompanying notes to the required supplementary information.

Pulaski County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS  
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
<b>HEALTH INSURANCE PLAN</b>					
Contractually required contribution	\$ 685,328	\$ 532,016	\$ 594,043	\$ 653,124	\$ 525,833
Contributions in relation to the contractually required contribution	<u>685,328</u>	<u>532,016</u>	<u>594,043</u>	<u>653,124</u>	<u>525,833</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930
District's contributions as a percentage of it's covered-employee payroll	10.16%	4.76%	4.88%	5.26%	4.70%

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

See the accompanying notes to the required supplementary information.

Pulaski County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB  
For the Year Ended June 30, 2022

TRS

Note I - Changes of Benefit Terms

Health Trust

- None

Life Trust

- None

Note II - Changes to assumptions or other inputs

Health Trust

The changes adopted by the Board on September 20, 2021, include various demographic and economic assumptions summarized below:

- Price Inflation changed assumed rate from 3.00% to 2.50%,
- Wage Inflation changed assumed rate from 3.50% to 2.75%,
- Assumed investment rate of return changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10% for both
- Assumed Salary Scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages
- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments
- Assumed rate of Withdrawal, Disability, Retirement, and Mortality have been adjusted to more closely reflect experience, and
- Assumed rates of member and spousal participation have been adjusted to more closely reflect experience

Life Trust

None

CERS

Single discount rates of 5.20% for the CERS non-hazardous insurance plan and 5.05% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

PULASKI COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Debt Service Fund	Total Non-Major Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 558,120	\$ 621,612	\$ 369,962	\$ 42,397	\$ -	\$ 1,592,091
Interfund receivables	-	-	-	-	-	-
Receivables						
Taxes-current	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-
Total assets	<u>558,120</u>	<u>621,612</u>	<u>369,962</u>	<u>42,397</u>	<u>-</u>	<u>1,592,091</u>
<b>LIABILITIES</b>						
Accounts payable	3,618	550	-	-	-	4,168
Interfund payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>3,618</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,168</u>
<b>FUND BALANCE</b>						
Restricted	554,502	621,062	369,962	42,397	-	1,587,923
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>554,502</u>	<u>621,062</u>	<u>369,962</u>	<u>42,397</u>	<u>-</u>	<u>1,587,923</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 558,120</u>	<u>\$ 621,612</u>	<u>\$ 369,962</u>	<u>\$ 42,397</u>	<u>\$ -</u>	<u>\$ 1,592,091</u>

PULASKI COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds  
For the Year Ended June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Debt Service Fund	Total Non-Major Funds
<b>REVENUES</b>						
From Local Sources						
Taxes						
Property	\$ -	\$ -	\$ -	\$ 3,979,764	\$ -	\$ 3,979,764
Motor vehicle	-	-	-	-	-	-
Franchise	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Tuition	-	-	-	-	-	-
Student activities	-	1,606,119	-	-	-	1,606,119
Other local revenue	357,007	-	-	-	-	357,007
Intergovernmental - state	-	-	764,707	1,890,595	388,812	3,044,114
Intergovernmental - federal	-	-	-	-	-	-
Total revenues	<u>357,007</u>	<u>1,606,119</u>	<u>764,707</u>	<u>5,870,359</u>	<u>388,812</u>	<u>8,987,004</u>
<b>EXPENDITURES</b>						
Instruction	237,184	1,583,188	-	-	-	1,820,372
Support services						
Student	328	-	-	-	-	328
Instructional staff	82,638	-	-	-	-	82,638
District Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	8,858	-	-	-	-	8,858
Student Transportation	1,915	-	-	-	-	1,915
Community Services Operations	-	-	-	-	-	-
Site improvements	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	3,950,000	3,950,000
Interest	-	-	-	-	1,276,579	1,276,579
Cost of issuance	-	-	-	-	-	-
Total expenditures	<u>330,923</u>	<u>1,583,188</u>	<u>-</u>	<u>-</u>	<u>5,226,579</u>	<u>7,140,690</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,084	22,931	764,707	5,870,359	(4,837,767)	1,846,314
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Sale of equipment	-	-	-	-	-	-
Loss compensation	-	-	-	-	-	-
Operating transfers in	-	-	-	-	4,837,767	4,837,767
Operating transfers (out)	-	-	(764,707)	(5,870,359)	-	(6,635,066)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(764,707)</u>	<u>(5,870,359)</u>	<u>4,837,767</u>	<u>(1,797,299)</u>
NET CHANGE IN FUND BALANCE	26,084	22,931	-	-	-	49,015
FUND BALANCE - BEGINNING	528,418	598,131	369,962	42,397	-	1,538,908
FUND BALANCE - ENDING	<u>\$ 554,502</u>	<u>\$ 621,062</u>	<u>\$ 369,962</u>	<u>\$ 42,397</u>	<u>\$ -</u>	<u>\$ 1,587,923</u>



PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity Funds  
For the Year Ended June 30, 2022

School	Cash			Cash
	Balances July 1, 2021	Receipts	Disbursements	Balances June 30, 2022
Pulaski High School	\$ 185,811	\$ 516,872	\$ 480,698	\$ 221,985
Southwestern High School	175,595	338,919	329,672	184,842
Northern Middle School	76,383	209,102	227,117	58,368
Southern Middle School	85,469	230,337	235,762	80,044
Burnside Elementary	7,973	10,393	8,579	9,787
Eubank Elementary	16,115	60,187	66,555	9,747
Nancy Elementary	2,487	33,236	31,635	4,088
Northern Elementary	5,343	28,502	27,005	6,840
Oakhill Elementary	5,111	34,198	35,047	4,262
Pulaski Co. Elementary	12,529	62,843	67,646	7,726
Shopville Elementary	1,954	40,859	36,614	6,199
Southern Elementary	23,361	40,671	36,858	27,174
Total School Activity Funds	<u>\$ 598,131</u>	<u>\$ 1,606,119</u>	<u>\$ 1,583,188</u>	<u>\$ 621,062</u>

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity Fund – Pulaski County High School  
For the Year Ended June 30, 2022

Acct:	Activity	Cash			Cash			Due To Student Groups
		Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	
100	AGRI-MECHANICS	\$ 3,968	\$ -	\$ 1,715	\$ 2,253	\$ -	\$ -	\$ 2,253
101	AG-PRO CLUB	21,618	15,643	12,478	24,783	-	-	24,783
102	INTEREST EARNED	561	342	-	903	-	-	903
103	ART CLUB	97	-	-	97	-	-	97
104	ATHLETICS	26,826	117,535	123,940	20,421	-	-	20,421
105	BAND	193	-	-	193	-	-	193
107	FCS LAB FEES	170	481	285	366	-	-	366
108	CULINARY ART CLUB	1,292	-	8	1,284	-	-	1,284
109	CULINARY LAB FEE	35	-	-	35	-	-	35
110	3-D PRINT DONATIONS	423	-	213	210	-	-	210
112	GENERAL FUNDS	3,799	-	259	3,540	-	-	3,540
113	ROTC	5,655	10,858	8,691	7,822	-	-	7,822
114	BIOMED LAB FEES	100	-	-	100	-	-	100
115	PARKING	310	-	-	310	-	-	310
116	HISTORY ACCOUNT	8	-	-	8	-	-	8
117	SPECIAL ED	705	-	15	690	-	-	690
118	PIT STOP	23,166	69,062	55,858	36,370	-	-	36,370
120	CHORUS CLUB	2,656	21,406	18,014	6,048	-	-	6,048
200	FISHING CLUB	1,532	2,597	1,964	2,165	-	-	2,165
201	ADVANCED PLACEMENT	2,834	162	198	2,798	-	-	2,798
207	BOOK CLUB	50	-	-	50	-	-	50
212	YSC	450	7	-	457	-	-	457
217	STLP CLUB	955	638	777	816	-	-	816
219	UNITED WAY/YSC	901	26	-	927	-	-	927
300	DISC GOLF CLUB	24	-	-	24	-	-	24
301	CHEERLEADERS	312	-	-	312	-	-	312
302	DANCE TEAM	10	-	-	10	-	-	10
303	DECA	13,747	60,445	62,552	11,640	-	-	11,640
305	FBLA	3,739	36,816	32,256	8,299	-	-	8,299
306	FCA	1,818	131	-	1,949	-	-	1,949
307	FFA	6,676	55,768	53,371	9,073	-	-	9,073
308	FCCLA	3,978	10,120	8,069	6,029	-	-	6,029
313	NHS	3,296	1,598	1,567	3,327	-	-	3,327
314	PEP CLUB	244	225	135	334	-	-	334
315	UNITED WAY/YSC	10	-	-	10	-	-	10
318	DRAMA CLUB	1,207	6,709	3,177	4,739	-	-	4,739
320	STUDENT COUNCIL	1,113	317	1,036	394	-	-	394
321	BOYS GOLF BOOSTERS	79	-	-	79	-	-	79
327	EDUCATORS RISING	485	-	-	485	-	-	485
328	PROM	4,763	12,450	10,839	6,374	-	-	6,374
329	REGION BASKETBALL TOURN.	4,672	40,878	31,734	13,816	-	-	13,816
330	CHESS CLUB	71	200	169	102	-	-	102
331	RPG CLUB	444	-	-	444	-	-	444
333	Y-CLUB	2,285	3,967	4,580	1,672	-	-	1,672
350	BOYS BASKETBALL BOOSTERS	1,223	-	-	1,223	-	-	1,223
351	SOFTBALL BOOSTERS	2,393	1,171	-	3,564	-	-	3,564
352	GIRLS SOCCER BOOSTERS	-	-	2,393	(2,393)	-	-	(2,393)
354	BOYS SOCCER BOOSTERS	1,552	6,000	1,100	6,452	-	-	6,452
358	VOLLEYBALL BOOSTERS	14,001	1,190	10,336	4,855	-	-	4,855
373	GIRLS GOLF BOOSTER ACCT.	101	-	-	101	-	-	101
377	PROJECT GRADUATION	984	2,402	1,318	2,068	-	-	2,068
381	FEUD FOR FOOD-YSC	608	2,734	238	3,104	-	-	3,104
382	TENNIS	2,959	-	-	2,959	-	-	2,959
384	KOOL KARDZ KLUB	1,218	-	386	832	-	-	832
391	YEARBOOK	1,099	2,921	829	3,191	-	-	3,191
392	ARCHERY BOOSTER CLUB	1,110	9,304	6,567	3,847	-	-	3,847
408	MEDIA CLUB	329	-	-	329	-	-	329
410	BOOK CLUB	828	1,153	613	1,368	-	-	1,368
411	JROTC NATIONALS ACCOUNT	1,339	-	-	1,339	-	-	1,339
422	J.W. SCIENCE LAB CLASS	370	-	-	370	-	-	370

PULASKI COUNTY SCHOOL DISTRICT  
Schedule of Student Activity Fund – Pulaski County High School  
For the Year Ended June 30, 2022  
(Continued)

Acct:	Activity	Cash Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Cash Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	Due To Student Groups June 30, 2022
424	SWIM TEAM	\$ 508	\$ 473	\$ 685	\$ 296	\$ -	\$ -	\$ 296
490	SADDLE UP CLUB	203	-	139	64	-	-	64
493	ANIME CLUB	4	-	-	4	-	-	4
494	ACADEMIC TEAM FUNDRAISERS	37	-	-	37	-	-	37
495	ROBOTICS CLUB	772	-	772	-	-	-	-
497	BETA CLUB	1,787	1,130	2,228	689	-	-	689
499	SPANISH NATL HONOR SOC.	130	220	-	350	-	-	350
502	PBIS	536	-	-	536	-	-	536
503	LINK CREW	370	1,257	1,321	306	-	-	306
504	ROCKET CLUB	189	-	189	-	-	-	-
508	HOSA	1,621	4,391	5,561	451	-	-	451
509	SCIENCE OLYPIAD	129	4,860	3,476	1,513	-	-	1,513
511	BIOMED/ENGINEERING CLUB	636	-	-	636	-	-	636
520	BIO-DONATIONS	1,428	-	-	1,428	-	-	1,428
521	DAF GENERAL SWEEP	70	17,999	17,361	708	-	-	708
522	DAF ATHLETICS SWEEP	-	11,050	11,050	-	-	-	-
	Subtotal	185,811	536,636	500,462	221,985	-	-	221,985
	Interfund Transfers	-	19,764	19,764	-	-	-	-
	Total	\$ 185,811	\$ 516,872	\$ 480,698	\$ 221,985	\$ -	\$ -	\$ 221,985

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity Fund – Southwestern High School  
For the Year Ended June 30, 2022

Acct:	Activity	Cash			Cash			Due To Student Groups
		Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	
1	SR-PROJECT GRADUATION	\$ 8,055	\$ 5,790	\$ 5,891	\$ 7,954	\$ -	\$ -	\$ 7,954
2	HOSA	787	3,550	3,725	612	-	-	612
3	GEARUP	-	392	383	9	-	-	9
4	Art Club	1,532	-	492	1,040	-	-	1,040
5	EDUCATORS RISING	419	444	408	455	-	-	455
7	Band Club	25	500	-	525	-	-	525
8	Drama Club	2,673	408	-	3,081	-	-	3,081
9	YOUNG REPUBLICANS	110	-	-	110	-	-	110
10	CHORUS	415	50	229	236	-	-	236
11	3D ARCHERY	265	-	-	265	-	-	265
12	DECA	2,643	8,468	1,774	9,337	-	-	9,337
13	FBLA	10,069	1,682	1,648	10,103	-	-	10,103
14	FCA	40	130	-	170	-	-	170
15	FFA	5,264	7,811	9,916	3,159	-	-	3,159
16	FCCLA	2,317	1,516	1,930	1,903	-	-	1,903
17	LINK CREW	1,673	-	400	1,273	-	-	1,273
18	FOREIGN LANGUAGE	12	-	-	12	-	-	12
20	GENERAL	-	696	133	563	-	-	563
21	SENIOR CLASS	291	-	291	-	-	-	-
22	FACS	6,501	3,648	3,202	6,947	-	-	6,947
23	INTEREST	1,715	299	-	2,014	-	-	2,014
25	YOUTH SERVICE CENTER	2,428	2,064	3,090	1,402	-	-	1,402
27	NHS	5,740	2,446	2,200	5,986	-	-	5,986
29	ACADEMIC TEAM	10	-	-	10	-	-	10
30	ROTC	1,197	18,202	15,645	3,754	-	-	3,754
32	SPANISH CLUB	585	-	-	585	-	-	585
33	STUDENT GOV'T	148	301	-	449	-	-	449
34	TECH/STLP	18	-	-	18	-	-	18
36	TRADING POST	9,054	91,350	77,655	22,749	-	-	22,749
37	VENDING	91	-	91	-	-	-	-
38	YEARBOOK	6,854	3,387	2,205	8,036	-	-	8,036
39	ENVIRONMENTAL CLUB	1,117	-	-	1,117	-	-	1,117
45	UNITE CLUB	42	-	42	-	-	-	-
46	BIOLOGY/TRIP	197	-	197	-	-	-	-
52	SCIENCE DEPT	-	963	573	390	-	-	390
53	PROM	13,042	11,195	9,783	14,454	-	-	14,454
54	AGRICULTURE	957	-	-	957	-	-	957
57	LIBRARY	407	-	407	-	-	-	-
58	VENDING II	20	-	20	-	-	-	-
60	ATHLETIC/GENERAL	57,809	82,034	99,525	40,318	-	-	40,318
61	GIRLS BASKETBALL	737	2,500	700	2,537	-	-	2,537
62	BOYS BASKETBALL	3,305	-	-	3,305	-	-	3,305
63	GIRLS SOCCER	4,354	-	-	4,354	-	-	4,354
64	BOYS SOCCER	725	1,462	1,706	481	-	-	481
65	GIRLS GOLF	899	250	805	344	-	-	344
66	BOYS GOLF	929	2,584	910	2,603	-	-	2,603
67	GIRLS VOLLEYBALL	289	1,114	586	817	-	-	817
68	SOFTBALL	-	1,000	-	1,000	-	-	1,000
69	BASEBALL	1,105	1,000	500	1,605	-	-	1,605
70	TRACK	1,859	3,563	4,728	694	-	-	694
71	CROSS COUNTRY	325	6,356	6,297	384	-	-	384
72	SWIM	265	526	503	288	-	-	288
73	TENNIS	2,668	600	1,635	1,633	-	-	1,633
74	CHEERLEADERS	397	34,765	34,541	621	-	-	621
75	DANCE	2,500	-	-	2,500	-	-	2,500
76	FOOTBALL	1,746	-	-	1,746	-	-	1,746
78	STUDENT ASSISTANCE	100	-	-	100	-	-	100
79	SPORTS UNIFORMS	2,221	-	-	2,221	-	-	2,221
80	HEALTH/PE	4	-	-	4	-	-	4
81	ARCHERY	3,913	-	-	3,913	-	-	3,913

PULASKI COUNTY SCHOOL DISTRICT  
Schedule of Student Activity Fund – Southwestern High School  
For the Year Ended June 30, 2022  
(Continued)

Acct:	Activity	Cash Balances July 1, 2021	Receipts and Transfers	Disbursements and Transfers	Cash Balances June 30, 2022	Receivables June 30, 2022	Payables June 30, 2022	Due To Student Groups June 30, 2022
82	FISHING	\$ 117	\$ -	\$ -	\$ 117	\$ -	\$ -	\$ 117
83	WARRIOR NATION	402	-	-	402	-	-	402
86	ROBOTICS	785	1,656	2,365	76	-	-	76
89	BIO-MEDICAL	1,428	-	-	1,428	-	-	1,428
90	SWEEP	-	42,056	40,380	1,676	-	-	1,676
	Subtotal	175,595	346,758	337,511	184,842	-	-	184,842
	Interfund Transfers	-	7,839	7,839	-	-	-	-
	Total	\$ 175,595	\$ 338,919	\$ 329,672	\$ 184,842	\$ -	\$ -	\$ 184,842

PULASKI COUNTY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through Kentucky Department of Education: School Breakfast Program	10.553	7760005-21 7760005-22		\$ 304,850 <u>1,056,197</u> 1,361,047
Passed Through Kentucky Department of Education: Summer Food Service Program for Children	10.559	7690024-21 7740023-21		28,320 <u>275,370</u> 303,690
Passed Through Kentucky Department of Education: National School Lunch Program	10.555	7750002-21 7750002-22		786,990 <u>2,812,118</u> 3,599,108
Non-Cash Assistance (Commodities) National School Lunch Program TOTAL CHILD NUTRITION CLUSTER	10.555	4002806		275,000 <u>5,538,845</u>
Passed Through Kentucky Department of Education: Child and Adult Care Food Program	10.558	7790021-21 7800016-21 7980000-21 7790021-22 7800016-22		66,046 5,022 38,394 165,314 <u>12,338</u> <u>287,114</u>
State Administrative Expenses for Child Nutrition	10.560	7700001-20		<u>14,176</u>
Pandemic EBT Administrative Costs	10.649	9990000		<u>5,814</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE				<u>5,845,949</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>				
National Guard Civilian Youth Opportunities	12.000	Direct		<u>107,961</u>
TOTAL UNITED STATES DEPARTMENT OF DEFENSE				<u>107,961</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027A	3810002-19 3810002-20 3810002-21		23,665 15,263 1,291,137
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027X	4910002-21		16,115
Passed Through Kentucky Department of Education: Special Education Preschool Grants	84.173A	3800002-19 3800002-20 3800002-21		290 18,070 <u>8,064</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>1,372,604</u>

The accompanying notes are an integral part of this schedule.

PULASKI COUNTY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022  
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</u>				
Passed Through Kentucky Department of Education: Title I Grants to Local Educational Agencies	84.010A	3100002-20 3100002-21		632,230 <u>2,189,788</u> 2,822,018
Passed Through Kentucky Department of Education: Migrant Education State Grant Program	84.011A	3110002-20 3110002-21		167,283 <u>24,545</u> 191,828
Passed Through Kentucky Department of Education: Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	S013A200017		<u>19,996</u>
Passed Through Kentucky Department of Education: Career and Technical Education -- Basic Grants to States	84.048	3710002-20 3710002-21		4,260 <u>110,366</u> 114,626
Passed through Berea College Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A180018A-21 P334A180018A-22		83,138 <u>453,354</u> 536,492
Passed Through Kentucky Department of Education: Rural Education	84.358B	3140002-20 3140002-21		74,516 <u>87,546</u> 162,062
Passed Through Kentucky Department of Education: English Language Acquisition State Grants	84.365A	3300002-20 3300002-21		999 <u>360</u> 1,359
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grants	84.367	3230002-21		384,444
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grants	84.377A	3100002-21		23,742
Passed Through Kentucky Department of Education: Student Support and Academic Enrichment Program	84.424A	3420002-18 3420002-20 3420002-21		638 64,376 <u>137,834</u> 202,848
Passed Through Kentucky Division of Family Resource And Youth Service Centers Education Stabilization Fund Governor's Emergency Education Relief Fund	84.425C	CARE-20		37,472
Passed Through Kentucky Department of Education: Elementary and Secondary School Emergency Relief Fund	84.425D	4200002-21 GEER-20 4200003-21		4,791,469 181,294 <u>92,147</u> 5,064,910

The accompanying notes are an integral part of this schedule.

PULASKI COUNTY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022  
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</u>				
Passed Through Kentucky Department of Education:	84.425U	4300003-21 4300002-21		7,914 <u>1,612,341</u> 1,620,255
Passed Through Kentucky Department of Education: American Rescue Plan - Elementary And Secondary School Emergency Relief - Homeless Children And Youth	84.425W	4300005-21		7,849
Total Education Stabilization Fund				<u>6,730,486</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION				<u>12,562,505</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Kentucky Department of Education: Cooperative Agreements To Promote Adolescent Health Through School-Based HIV/STD Prevention And School-Based Surveillance	93.079	2100001-20		722
Passed Through Kentucky Department of Education: Child Care And Development Block Grant	93.575	CARES CRRSA		162 <u>59,280</u> 59,442
Passed Through Kentucky Department of Education: Improving Student Health And Academic Achievement Through Nutrition, Physical Activity, And The Management Of Chronic Conditions In Schools	93.981			<u>9,457</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>69,621</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 18,586,036</u>

The accompanying notes are an integral part of this schedule.



## PULASKI COUNTY SCHOOL DISTRICT

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

#### **Note 1. Basis of Presentation**

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

#### **Note 2. Significant Accounting Policies**

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

#### **Note 3. Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$275,000.

#### **Note 4. Indirect Cost Rate**

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

#### **Note 5. Subrecipients**

The Pulaski County School District had no federal grant subrecipients during the fiscal year.



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

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

Kentucky State Committee for School District Audits  
Board of Education of the Pulaski County School District  
Somerset, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II Instructions for Submissions of the Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski 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 Pulaski County School District's basic financial statements, and have issued our report thereon dated January 11, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Pulaski County School District's internal control over financial report (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 the Pulaski County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pulaski 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.

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. We identified 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 material weaknesses.

### **Report on Compliance and Other Matters**

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

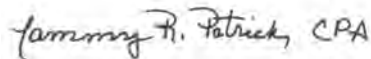
We noted certain other matters during the current audit that we reported to management of the Pulaski County School District in a separate letter dated January 11, 2023.

## **Pulaski County School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Pulaski County School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Pulaski County School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Jammy R. Patrick, CPA". The signature is written in a cursive style.

Patrick & Associates, LLC

Winchester, KY

January 11, 2023



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## **Independent Auditor's Report On Compliance for Each Major Program And On Internal Control Over Compliance Required by the Uniform Guidance**

Kentucky State Committee for School District Audits  
Board of Education of the Pulaski County School District  
Somerset, KY

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Pulaski 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 Pulaski County School District's major federal programs for the year ended June 30, 2022. Pulaski County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America 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 of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky state committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II – Instruction for Submissions of the Audit Report*. 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 Pulaski County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related 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 Pulaski 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 Pulaski 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 Pulaski County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted audit standards, *Government Auditing Standards*, and the Uniform Guidance and the Independent Auditor's contract 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.

## Auditor's Responsibilities for the Audit of Compliance (Continued)

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 Pulaski 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*, The Uniform Guidance and the Independent Auditor's Contract, 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 Pulaski 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 Pulaski 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 Pulaski 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.

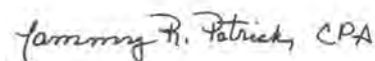
### Report on Internal Control over Compliance

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.

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 efficiencies 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 tested based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Patrick & Associates, LLC

Winchester, KY

January 11, 2023

## Schedule of Findings and Questioned Costs

### **SUMMARY OF AUDITOR'S RESULTS**

What type of report was issued for the financial statements?	Unmodified
Were there material weaknesses in internal control disclosed (GAGAS)?	Yes
Were there any significant deficiencies not considered material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type or report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it related to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	Title 1
	[Federal Assistance Number 84.010A]
	Education Stabilization Fund
	[Federal Assistance Number 84.425C, 84.425D, 84.425U]
Dollar threshold of Type A and B programs?	\$750,000
Did the auditee qualify as low-risk?	Yes

### **FINDINGS – FINANCIAL STATEMENT AUDIT**

2022-001 The Annual Financial Report and Balance Sheet Submitted By The Pulaski County School District To The Kentucky Department of Education for FYE 2022 Was Materially Misstated

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The Pulaski County School District (District) did not prepare and submit an accurate and complete Annual Financial Report (AFR) and Balance Sheet to the Kentucky Department of Education for FYE 2022. The AFR Report and Balance Sheet Report contained the following errors:

#### **Balance Sheet Misstatements:**

##### General Fund:

Assets: cash balance was understated by \$2,514,344, interfund receivables were overstated by \$2,518,602 and accounts receivable were overstated by \$203,909. In total assets were overstated by \$208,167.

Liabilities: Liabilities were overstated in total by \$10,192.

These errors left the total general fund balance overstated by \$197,975.

##### Special Revenue Fund:

Assets: Total assets were overstated by \$2,511,623 due to the cash balance being overstated by \$2,511,519.

Liabilities: total liabilities were overstated by \$2,518,502 due to errors in the amounts reported for interfund payable.

These errors left the special revenue fund balance overstated by \$6,879

**FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

2022-001 The Annual Financial Report and Balance Sheet Submitted By The Pulaski County School District To The Kentucky Department of Education for FYE 2022 Was Materially Misstated (Continued)

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Student Activity Fund:

Assets: cash balance was understated by \$22,931.

This error left the student activity fund balance understated by \$22,931.

Food Service Fund:

Assets: total assets were understated by \$290,260 mainly due to accounts receivable being understated by \$334,488 and inventory amounts being overstated by \$57,840

The errors in the asset amounts noted offset by a slight understatement in total liabilities left the fund balance understated by \$225,136.

Child Care Services Fund:

Liabilities: the balance for accounts payable was understated by \$24,841.

Governmental Capital Assets:

Capital asset amounts for building improvements was understated by \$548,916 and construction in progress was understated by \$5,039,580. Accumulated depreciation was understated by \$3,484,563.

These errors left the amount reported for net capital assets understated by \$2,104,203.

Business Type Activity Capital Assets:

Accumulated Depreciation was understated by \$87,944.

**Annual Financial Report Misstatements:**

General Fund:

General fund revenues were understated by \$15,596,589 and expenditures were understated by \$786,790.

Special Revenue Fund:

Special revenue fund expenditures were overstated by \$7,083.

Student Activity Fund:

Student activity fund revenues were understated by \$1,606,119 and expenditures were understated by \$1,583,188.

Construction Fund:

Construction fund expenditures were overstated by \$3,899.

Food Service Fund:

Food service revenues were understated by \$334,488 and expenditures were understated by \$67,032.

Child Care Services Fund:

Child care services expenditures were understated by \$132,498.

## FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

### 2022-001 The Annual Financial Report and Balance Sheet Submitted By The Pulaski County School District To The Kentucky Department of Education for FYE 2022 Was Materially Misstated (Continued)

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The District failed to implement proper internal controls and management oversight over the fiscal year end close and financial statement preparation. Additionally, the Pulaski County Finance Officer failed to follow the instructions included in the Kentucky Department of Education's BGL-2 which provides guidance for the steps and procedures needed to prepare and perform the fiscal year end close. The Pulaski County Finance Officer also failed to maintain documentation to show that the underlying supporting documents were reconciled to amounts included in the AFR Report and Balance Sheet Report.

Not having an accurate AFR Report and Balance Sheet Report puts the District in noncompliance with state law and Generally Accepted Accounting Principles (GAAP). Additionally, not having accurate information presented in the AFR Report and Balance Sheet Report misrepresents the financial position of the District at year-end and does not provide management with accurate financial information when making financial decisions.

The district should have internal controls in place and management oversight to (1) ensure the fiscal year-end financial reporting process is completed as outlined in the Kentucky Department of Education's BGL-2 prior to submitting the AFR Report and Balance Sheet Report to KDE at fiscal year-end as required, (2) ensure the financial statements are prepared in accordance with GAAP, (3) to allow the district to identify and correct material misstatements, and (4) ensure appropriate supporting documentation is maintained and reconciled to amounts reported in the financial statements.

We recommend District implement internal controls and management oversight to ensure the closeout process is completed as required prior to the fiscal year-end AFR Report and Balance Sheet Report being submitted to KDE. Furthermore, we recommend the District strengthen controls over the financial reporting process to ensure accurate information is being reported to the District's Board and KDE at all times and that financial statements are prepared in accordance with GAAP.

*Management's Response: Many issues related to the misstatements were due to the time constraint of the July 25th timeline for the Unaudited Report submission. There were several journal reversals that were not completed until after the deadline as well as the General Fund Balance not moved to beginning balance. The District in previous years has completed depreciation and fixed assets after the submission of the Unaudited AFR. This will be changed to prior to submission. There were errors as well regarding the on-behalf payments and revenues which was an oversight issue. A plan is in place to review the balance sheet monthly to ensure all items tie back to the financials. There is also a plan in place to ensure that revenues from outside the finance department are verified by the Finance Officer instead of only office staff.*

### 2022-002 The Pulaski County School District Lacks Internal Controls Over the Financial Statement Preparation Process

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The District lacks proper oversight and internal controls over the financial statement preparation process as noted in comment 2022-001. The lack of internal controls and oversight allowed material errors to go undetected in the financial statement submitted to the Kentucky Department of Education and to the Board. There was no indication of the review for items such as receipts for Child Day Care, Food Service receipts, and On Behalf Payments posted to the Annual Financial Reports or amounts included on the balance sheet for accounts receivable and liabilities, inventory and construction in progress. Documentation was not maintained to show that asset and liability amounts reflected on the balance sheet were reviewed by the finance officer and agreed to and supported by underlying records prior to the financial statement being submitted to the District Board and the Kentucky Department of Education.



**FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

2022-002 The Pulaski County School District Lacks Internal Controls Over the Financial Statement Preparation Process (Continued)

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Multiple errors occurred due to the inadequate design of controls over the preparation of the financial statements and lack of oversight by the finance officer and management.

The District reported inaccurate financial statement activity and material misstatements were not prevented or detected in a timely manner. Material audit adjustments were required so that the District’s financial statements were fairly stated.

Proper oversight and internal control over the accounting and reporting functions is essential to ensure financial statements are prepared accurately and to provide protection from errors occurring and not being detected and corrected timely by financial staff. Additionally, proper internal controls protect employees in the normal course of performing their daily responsibilities and provide safeguards to deter the misappropriation of assets.

We recommend the District implement proper internal controls over the financial statement process and provide management oversight.

*Management’s Response: The Finance Office has created a system to keep documentation from completing the BGL-2 instructions for year end closing and reporting. This will ensure that no steps are missed at year end close.*

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

No major federal award findings

**SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no prior year findings

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no prior year findings.

## **APPENDIX C**

**Pulaski County School District Finance Corporation  
School Building Revenue Bonds  
Series of 2023**

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**Continuing Disclosure Undertaking Agreement**

## CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of June 14, 2023 by and between the Board of Education of Pulaski County, Kentucky ("Board"); the Pulaski 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.

### WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$43,225,000 of the Corporation's School Building Revenue Bonds, Series of 2023, dated June 14, 2023 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Municipal Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

### **1. ANNUAL FINANCIAL INFORMATION**

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year, commencing with the fiscal year ending June 30, 2023, to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

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

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

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

## **2. MATERIAL EVENTS NOTICES**

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

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

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

(A) Debt obligation;

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

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

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

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

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

### **3. SPECIAL REQUESTS FOR INFORMATION**

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

### **4. DISCLAIMER OF LIABILITY**

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

### **5. FINAL OFFICIAL STATEMENT**

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

### **6. DURATION OF THE AGREEMENT**

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

### **7. AMENDMENT; WAIVER**

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

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

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

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

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

## 8. DEFAULT

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

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

**BOARD OF EDUCATION OF PULASKI COUNTY,  
KENTUCKY**

Attest:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

**PULASKI COUNTY SCHOOL  
DISTRICT FINANCE CORPORATION**

Attest:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

**APPENDIX D**

**Pulaski County School District Finance Corporation  
School Building Revenue Bonds  
Series of 2023**

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**Official Terms and Conditions of Bond Sale**

## OFFICIAL TERMS AND CONDITIONS OF BOND SALE

**\$43,225,000\***

**Pulaski County School District Finance Corporation  
School Building Revenue Bonds, Series of 2023  
Dated as of June 14, 2023**

**SALE: May 24, 2023 AT 11:00 A.M., E.D.S.T.**

As published on PARITY®, a nationally recognized electronic bidding system, the Pulaski County School District Finance Corporation ("Corporation") will until May 24, 2023, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 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 \$4,325,000.

### **PULASKI 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 Pulaski 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 construction of new Wellness Center, new Elementary School and new roof for Pulaski County High School (collectively, the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project property to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2023; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance certain of the school building(s) which constitute the school building Project (the "Parity Bonds").

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

The rental of the school building Project property 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 property 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, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and 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 and the Commission 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.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately \$71,368 to be applied to the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

### **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 Sections 157.611 through 157.640 of the Kentucky Revised Statutes, as repealed, amended, 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.

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$71,368 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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.

## ADDITIONAL PARITY BONDS

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

### BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from June 14, 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:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$ 40,000	2034	\$1,530,000
2025	40,000	2035	3,635,000
2026	40,000	2036	3,765,000
2027	40,000	2037	3,915,000
2028	40,000	2038	4,070,000
2029	45,000	2039	4,225,000
2030	45,000	2040	4,655,000
2031	45,000	2041	4,965,000
2032	1,010,000	2042	5,275,000
2033	1,505,000	2043	4,340,000

\*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$4,325,000 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). The Citizens National Bank of Somerset, Somerset, 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](http://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 \$42,360,500 (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 Refunding Bonds shall be made on the basis of all bids submitted for exactly \$43,225,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by \$4,325,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$38,900,000 or a maximum of \$47,550,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. 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 \$43,225,000 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 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 May 24, 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 December 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

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

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

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

(M) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Refunding 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 \$57,158 to be applied to fair cash value.

### **BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022**

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](http://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, Pulaski County Board of Education, 925 N. Main Street, Somerset, Kentucky 42503 (606-679-1123).

### **TAX EXEMPTION; NOT 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 computing the Federal alternative minimum tax, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of MORE than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds may NOT 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.

**PULASKI COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

By /s/ Patrick Richardson  
Secretary

**APPENDIX E**

**Pulaski County School District Finance Corporation  
School Building Revenue Bonds  
Series of 2023**

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**Official Bid Form**

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

The Pulaski County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on May 24, 2023, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$43,225,000 School Building Revenue Bonds, Series of 2023, dated June 14, 2023; maturing June 1, 2024 through 2043 ("Bonds").

We hereby bid for said \$43,225,000\* principal amount of Bonds, the total sum of \$ \_\_\_\_\_ (not less than \$42,360,500) plus accrued interest from June 14, 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:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2024	\$ 40,000	_____%	2034	\$1,530,000	_____%
2025	40,000	_____%	2035	3,635,000	_____%
2026	40,000	_____%	2036	3,765,000	_____%
2027	40,000	_____%	2037	3,915,000	_____%
2028	40,000	_____%	2038	4,070,000	_____%
2029	45,000	_____%	2039	4,225,000	_____%
2030	45,000	_____%	2040	4,655,000	_____%
2031	45,000	_____%	2041	4,965,000	_____%
2032	1,010,000	_____%	2042	5,275,000	_____%
2033	1,505,000	_____%	2043	4,340,000	_____%

\* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$47,550,000 of Bonds or as little as \$38,900,000 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 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 May 24, 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 The Citizens National Bank of Somerset, Somerset, Kentucky, Attn: Ms. Julie Raines, AVP (606-679-6341).

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 14, 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 14, 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 Pulaski County School District Finance Corporation for \$ \_\_\_\_\_ amount of Bonds at a price of \$ \_\_\_\_\_ as follows:

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

Dated: May 24, 2023

\_\_\_\_\_  
RSA Advisors, LLC,  
As Agent for the Pulaski County  
School District Finance Corporation